

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-32312

Novelis Inc.

(Exact name of registrant as specified in its charter)

Canada
(State or other jurisdiction of
incorporation or organization)

3560 Lenox Road, Suite 2000
Atlanta, Georgia
(Address of principal executive offices)

98-0442987
(I.R.S. Employer
Identification Number)

30326
(Zip Code)

(404) 760-4000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

The registrant is a voluntary filer and is not subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934. However, the registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of February 10, 2020, the registrant had 1,000 shares of common stock, no par value, outstanding. All of the registrant's outstanding shares were held indirectly by Hindalco Industries Ltd., the registrant's parent company.

Novelis Inc.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements (unaudited)	3
	Condensed Consolidated Statements of Operations (unaudited)	3
	Condensed Consolidated Statements of Comprehensive Income (Loss) (unaudited)	4
	Condensed Consolidated Balance Sheets (unaudited)	5
	Condensed Consolidated Statements of Cash Flows (unaudited)	6
	Condensed Consolidated Statement of Shareholder's Equity (unaudited)	7
	Notes to the Condensed Consolidated Financial Statements (unaudited)	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	44
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	60
Item 4.	Controls and Procedures	61

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	62
Item 1A.	Risk Factors	62
Item 5.	Other Information	62
Item 6.	Exhibits	63
	Signatures	64

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Novelis Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(in millions)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Net sales	\$ 2,715	\$ 3,009	\$ 8,491	\$ 9,242
Cost of goods sold (exclusive of depreciation and amortization)	2,239	2,568	7,001	7,816
Selling, general and administrative expenses	131	129	380	373
Depreciation and amortization	91	88	267	260
Interest expense and amortization of debt issuance costs	59	67	185	201
Research and development expenses	21	18	58	50
Restructuring and impairment, net	3	1	36	2
Equity in net (income) loss of non-consolidated affiliates	1	(1)	1	(2)
Other (income) expenses, net	(3)	10	3	33
Business acquisition and other integration related costs	17	14	46	24
	\$ 2,559	\$ 2,894	\$ 7,977	\$ 8,757
Income before income taxes	156	115	514	485
Income tax provision	49	37	157	154
Net income	\$ 107	\$ 78	\$ 357	\$ 331
Net income attributable to noncontrolling interest	—	—	—	—
Net income attributable to our common shareholder	\$ 107	\$ 78	\$ 357	\$ 331

See accompanying notes to the condensed consolidated financial statements.

Novelis Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)
(in millions)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Net income	\$ 107	\$ 78	\$ 357	\$ 331
Other comprehensive income (loss):				
Currency translation adjustment	79	(26)	(2)	(144)
Net change in fair value of effective portion of cash flow hedges	(7)	60	(23)	3
Net change in pension and other benefits	2	13	28	41
Other comprehensive income (loss) before income tax effect	\$ 74	\$ 47	\$ 3	\$ (100)
Income tax provision (benefit) related to items of other comprehensive income (loss)	(1)	19	2	10
Other comprehensive income (loss), net of tax	75	28	1	(110)
Comprehensive income	\$ 182	\$ 106	\$ 358	\$ 221
Less: Comprehensive income attributable to noncontrolling interest, net of tax	1	1	4	2
Comprehensive income attributable to our common shareholder	\$ 181	\$ 105	\$ 354	\$ 219

See accompanying notes to the condensed consolidated financial statements.

Novelis Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(in millions, except number of shares)

	December 31, 2019	March 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,031	\$ 950
Accounts receivable, net		
— third parties (net of allowance for uncollectible accounts of \$9 and \$7 as of December 31, 2019 and March 31, 2019, respectively)	1,247	1,417
— related parties	170	164
Inventories	1,494	1,460
Prepaid expenses and other current assets	116	121
Fair value of derivative instruments	51	70
Assets held for sale	5	3
Total current assets	\$ 4,114	\$ 4,185
Property, plant and equipment, net	3,524	3,385
Goodwill	607	607
Intangible assets, net	311	351
Investment in and advances to non-consolidated affiliates	794	792
Deferred income tax assets	141	142
Other long-term assets	215	101
Total assets	\$ 9,706	\$ 9,563
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 19	\$ 19
Short-term borrowings	51	39
Accounts payable		
— third parties	1,744	1,986
— related parties	200	175
Fair value of derivative instruments	59	87
Accrued expenses and other current liabilities	541	616
Total current liabilities	\$ 2,614	\$ 2,922
Long-term debt, net of current portion	4,355	4,328
Deferred income tax liabilities	252	223
Accrued postretirement benefits	821	844
Other long-term liabilities	240	180
Total liabilities	\$ 8,282	\$ 8,497
Commitments and contingencies		
Shareholder's equity		
Common stock, no par value; unlimited number of shares authorized; 1,000 shares issued and outstanding as of December 31, 2019 and March 31, 2019	—	—
Additional paid-in capital	1,404	1,404
Retained earnings	560	203
Accumulated other comprehensive income (loss)	(509)	(506)
Total equity of our common shareholder	\$ 1,455	\$ 1,101
Noncontrolling interest	(31)	(35)
Total equity	\$ 1,424	\$ 1,066
Total liabilities and equity	\$ 9,706	\$ 9,563

See Note 6 — Consolidation for information about our consolidated variable interest entity (VIE).

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended December 31,	
	2019	2018
OPERATING ACTIVITIES		
Net income	\$ 357	\$ 331
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	267	260
(Gain) loss on unrealized derivatives and other realized derivatives in investing activities, net	(32)	(4)
(Gain) loss on sale of assets	(1)	4
Impairment charges	13	—
Deferred income taxes, net	30	38
Equity in net (income) loss of non-consolidated affiliates	1	(2)
Amortization of debt issuance costs and carrying value adjustments	14	14
Other, net	2	(1)
Changes in operating assets and liabilities:		
Accounts receivable	143	—
Inventories	(42)	(214)
Accounts payable	(176)	(17)
Other assets	(3)	(30)
Other liabilities	(109)	(55)
Net cash provided by (used in) operating activities	\$ 464	\$ 324
INVESTING ACTIVITIES		
Capital expenditures	(422)	(210)
Acquisition of assets under a capital lease	—	(239)
Proceeds from sales of assets, third party, net of transaction fees and hedging	3	2
Proceeds from investment in and advances to non-consolidated affiliates, net	6	1
Proceeds (outflows) from the settlement of derivative instruments, net	3	2
Other	10	10
Net cash provided by (used in) investing activities	\$ (400)	\$ (434)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term and short-term borrowings	79	—
Principal payments of long-term and short-term borrowings	(16)	(95)
Revolving credit facilities and other, net	(38)	109
Debt issuance costs	(3)	(2)
Net cash provided by (used in) financing activities	\$ 22	\$ 12
Net increase (decrease) in cash, cash equivalents and restricted cash	86	(98)
Effect of exchange rate changes on cash	(4)	(25)
Cash, cash equivalents and restricted cash — beginning of period	960	932
Cash, cash equivalents and restricted cash — end of period	\$ 1,042	\$ 809
Cash and cash equivalents	\$ 1,031	\$ 797
Restricted cash (Included in "Other long-term assets")	11	12
Cash, cash equivalents and restricted cash — end of period	\$ 1,042	\$ 809
Supplemental Disclosures:		
Accrued capital expenditures	\$ 100	\$ 74

See accompanying notes to the condensed consolidated financial statements.

Novelis Inc.
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (unaudited)
(in millions, except number of shares)

	Equity of our Common Shareholder							Total Equity
	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interest		
	Shares	Amount						
Balance as of March 31, 2018	1,000	\$ —	\$ 1,404	\$ (283)	\$ (261)	\$ (37)	\$ 823	
Adoption of Accounting Standards Updates	—	—	—	52	(16)	—	36	
Balance as of April 1, 2018	1,000	\$ —	\$ 1,404	\$ (231)	\$ (277)	\$ (37)	\$ 859	
Net income attributable to our common shareholder	—	—	—	331	—	—	331	
Currency translation adjustment included in AOCI	—	—	—	—	(144)	—	(144)	
Change in fair value of effective portion of cash flow hedges, net of tax benefit of \$2 million included in AOCI	—	—	—	—	5	—	5	
Change in pension and other benefits, net of tax provision of \$12 million included in AOCI	—	—	—	—	27	2	29	
Balance as of December 31, 2018	1,000	\$ —	\$ 1,404	\$ 100	\$ (389)	\$ (35)	\$ 1,080	

	Equity of our Common Shareholder							Total Equity
	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interest		
	Shares	Amount						
Balance as of March 31, 2019	1,000	\$ —	\$ 1,404	\$ 203	\$ (506)	\$ (35)	\$ 1,066	
Net income attributable to our common shareholder	—	—	—	357	—	—	357	
Currency translation adjustment included in AOCI	—	—	—	—	(2)	—	(2)	
Change in fair value of effective portion of cash flow hedges, net of tax benefit of \$6 million included in AOCI	—	—	—	—	(17)	—	(17)	
Change in pension and other benefits, net of tax provision of \$8 million included in AOCI	—	—	—	—	16	4	20	
Balance as of December 31, 2019	1,000	\$ —	\$ 1,404	\$ 560	\$ (509)	\$ (31)	\$ 1,424	

	Equity of our Common Shareholder							Total Equity
	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interest		
	Shares	Amount						
Balance as of September 30, 2018	1,000	\$ —	\$ 1,404	\$ 22	\$ (416)	\$ (36)	\$ 974	
Net income attributable to our common shareholder	—	—	—	78	—	—	78	
Currency translation adjustment included in AOCI	—	—	—	—	(26)	—	(26)	
Change in fair value of effective portion of cash flow hedges, net of tax provision of \$15 million included in AOCI	—	—	—	—	45	—	45	
Change in pension and other benefits, net of tax provision of \$4 million included in AOCI	—	—	—	—	8	1	9	
Balance as of December 31, 2018	1,000	\$ —	\$ 1,404	\$ 100	\$ (389)	\$ (35)	\$ 1,080	

	Equity of our Common Shareholder							Total Equity
	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interest		
	Shares	Amount						
Balance as of September 30, 2019	1,000	\$ —	\$ 1,404	\$ 453	\$ (583)	\$ (32)	\$ 1,242	
Net income attributable to our common shareholder	—	—	—	107	—	—	107	
Currency translation adjustment included in AOCI	—	—	—	—	79	—	79	
Change in fair value of effective portion of cash flow hedges, net of tax benefit of \$1 million included in AOCI	—	—	—	—	(6)	—	(6)	
Change in pension and other benefits, net of tax provision of \$0 million included in AOCI	—	—	—	—	1	1	2	
Balance as of December 31, 2019	1,000	\$ —	\$ 1,404	\$ 560	\$ (509)	\$ (31)	\$ 1,424	

See accompanying notes to the condensed consolidated financial statements.

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

References herein to “Novelis,” the “Company,” “we,” “our,” or “us” refer to Novelis Inc. and its subsidiaries unless the context specifically indicates otherwise. References herein to “Hindalco” refer to Hindalco Industries Limited. Hindalco acquired Novelis in May 2007. All of the common shares of Novelis are owned directly by AV Metals Inc. and indirectly by Hindalco.

Organization and Description of Business

We produce aluminum sheet and light gauge products for use in the packaging market, which includes beverage and food can and foil products, as well as for use in the automotive, transportation, electronics, architectural and industrial product markets. We have recycling operations in many of our plants to recycle post-consumer aluminum, such as used-beverage cans and post-industrial aluminum, such as class scrap. As of December 31, 2019, we had manufacturing operations in nine countries on four continents: North America, South America, Asia and Europe, through 23 operating facilities, including recycling operations in twelve of these plants.

The March 31, 2019 condensed consolidated balance sheet data was derived from the March 31, 2019 audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (U.S. GAAP). The accompanying unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and accompanying notes in our Form 10-K for the fiscal year ended March 31, 2019 filed with the United States Securities and Exchange Commission (SEC) on May 8, 2019. Management believes that all adjustments necessary for the fair statement of results, consisting of normally recurring items, have been included in the unaudited condensed consolidated financial statements for the interim periods presented.

Consolidation Policy

Our condensed consolidated financial statements include the assets, liabilities, revenues and expenses of all wholly-owned subsidiaries, majority-owned subsidiaries over which we exercise control and entities in which we have a controlling financial interest or are deemed the primary beneficiary. We eliminate all significant intercompany accounts and transactions from our condensed consolidated financial statements. We use the equity method to account for our investments in entities that we do not control, but where we have the ability to exercise significant influence over operating and financial policies. Consolidated "Net income attributable to our common shareholder" includes our share of net income (loss) of these entities.

Restricted Cash Policy

Restricted cash is comprised of cash deposits for employee benefits and is disclosed on the condensed consolidated statement of cash flows.

Use of Estimates and Assumptions

The preparation of our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The principal areas of judgment relate to (1) the fair value of derivative financial instruments; (2) impairment of goodwill; (3) impairment of long lived assets and other intangible assets; (4) impairment and assessment of consolidation of equity investments; (5) actuarial assumptions related to pension and other postretirement benefit plans; (6) tax uncertainties and valuation allowances; and (7) assessment of loss contingencies, including environmental and litigation liabilities. Future events and their effects cannot be predicted with certainty, and accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our condensed consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. We evaluate and update our assumptions and estimates on an ongoing basis and may employ outside experts to assist in our evaluations. Actual results could differ from the estimates we have used.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Recently Adopted Accounting Standards

Standard	Adoption	Description	Disclosure Impact
ASU 2019-07, <i>Codification Updates to SEC Sections</i> (Issued July 2019)	July 1, 2019	The standard provides various codification updates and improvements to address comments received.	The adoption of this standard did not have an impact on the condensed consolidated financial statements. Our condensed consolidated statement of shareholder's equity now discloses current and prior period quarter-to-date activity as required by the ASU.
ASU 2016-02, <i>Leases (Topic 842)</i> along with additional technical improvements, practical expedients, and clarifications since issued. (Issued February 2016)	April 1, 2019	The standard requires organizations that lease assets to recognize assets and liabilities for the rights and obligations created by the leases on balance sheet. The standard requires qualitative and quantitative disclosures to help investors and financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases.	We recognized right-of-use assets and lease liabilities on our consolidated balance sheets with no impact to the opening balance of retained earnings. The adoption of this standard did not have a material effect on the condensed consolidated statement of operations or the condensed consolidated statement of cash flows. See Note 5 — Leases for further details on the adoption of this standard.
ASU 2018-09, <i>Codification Improvements</i> (Issued July 2018)	April 1, 2019	The standard provides various codification updates and improvements to address comments received.	The adoption of this standard did not have an impact on the condensed consolidated financial statements and disclosures.
ASU 2018-16, <i>Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes</i> (Issued October 2018)	April 1, 2019	The standard permits the use of the OIS based on the SOFR as a U.S. benchmark interest rate for purposes of hedge accounting under Topic 815 as requested by the Federal Reserve Board during deliberations leading to the issuance of ASU 2017-12. The FASB recognized that although the OIS rate based on SOFR is not yet widely recognized and quoted within the U.S. financial market, the attributes of the repo rates underlying the calculation of SOFR are recognized.	The adoption of this standard did not have an impact on the condensed consolidated financial statements and disclosures. The Company does not currently have any interest rate derivative instruments, but is currently evaluating the potential future impact of this standard.
ASU 2018-02, <i>Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income</i> . (Issued February 2018)	April 1, 2018	This standard provides an option to reclassify stranded tax effects within Accumulated other comprehensive income (loss) (AOCI) to Retained earnings due to the U.S. federal corporate income tax rate change in the U.S. Tax Cuts and Jobs Act of 2017 (the "Act").	We reclassified \$16 million into retained earnings of our common shareholder from AOCI. This reclassification consisted of deferred taxes originally recorded in AOCI at rates that exceeded the newly enacted U.S. federal corporate tax rate. There was no impact to net income. Certain prior period amounts have been adjusted as a result of the adoption of this standard.
ASU 2016-16, <i>Income Taxes (Topic 740) - Intra-Entity Asset Transfers of Assets Other than Inventory</i> (Issued October 2016)	April 1, 2018	This standard eliminates the exception for all intra-entity sales of assets other than inventory. It requires the tax effect of intra-entity sales of assets other than inventory to be recognized currently which will impact Novelis' effective tax rate. The changes require the current and deferred income tax consequences of the intra-entity transfer to be recorded when the transaction occurs.	We adopted this standard on a modified retrospective basis and the cumulative effect of the change on retained earnings is \$36 million with a corresponding impact to deferred tax balances. Certain prior period amounts have been adjusted as a result of the adoption of this standard.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Recently Issued Accounting Standards (Not yet adopted)

Standard	Adoption	Description	Disclosure Impact
<i>ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes</i>	April 1, 2021	The standard simplifies the accounting for income taxes by removing certain exceptions and improving the consistent application and simplification of GAAP.	The Company is currently evaluating the impact of this standard.
<i>ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments</i>	Various	The standard provides various codification updates and improvements to address comments received.	The Company is currently evaluating the impact of this standard.
<i>ASU 2018-17, Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities (Issued October 2018)</i>	April 1, 2020	This standard eliminates the requirement that entities consider indirect interests held through related parties under common control in their entirety when assessing whether a decision-making fee is a variable interest. Instead, the reporting entity must consider such indirect interests on a proportionate basis.	The Company is currently evaluating the impact of this standard.
<i>ASU 2018-15, Intangibles-Goodwill and Other Internal-Use Software (Topic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that Is a Service Contract (Issued August 2018)</i>	April 1, 2020	This standard requires capitalization of implementation costs incurred in a hosting arrangement that is a service contract. This change will better align with requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected.	The Company is currently evaluating the impact of this standard.
<i>ASU 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General (Topic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans (Issued August 2018)</i>	April 1, 2020	This standard added requirements for new disclosures such as requiring a narrative description of the reasons for significant gains and losses affecting the benefit obligation for the period and also an explanation of any other significant changes in the benefit obligation or plan assets that are not otherwise apparent in the other disclosures required by ASC 715. Further, the standard removes some currently required disclosures such as (a) the requirement (for public entities) to disclose the effects of a one-percentage-point change on the assumed health care costs and the effect of this change in rates on service cost, interest cost, and the benefit obligation for postretirement health care benefits and (b) the amounts in accumulated other comprehensive income "OCI" expected to be recognized in net periodic benefit costs over the next fiscal year.	The Company is currently evaluating the impact of this standard.
<i>ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment (Issued January 2017)</i>	April 1, 2020	This standard removes Step 2 from the goodwill impairment test. As amended, the goodwill impairment test will consist of one step comparing the fair value of a reporting unit with its carrying amount. Under the simplified model, a goodwill impairment is calculated as the difference between the carrying amount of the reporting unit and its fair value, but not to exceed the carrying amount of goodwill allocated to that reporting unit. This standard will need to be considered each time Novelis performs an assessment of goodwill for impairment under the quantitative test.	The Company is currently evaluating the impact of this standard.
<i>ASU 2016-13, Financial Instrument-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments along with additional technical improvements and clarifications since issued. (Issued June 2016)</i>	April 1, 2020	The standard provides financial statement users with more decision-useful information about expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The "current expected credit loss" (CECL) model requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts.	The Company is currently evaluating the impact of this standard.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company's contracts with customers are comprised of purchase orders along with standard terms and conditions. These contracts with customers typically consist of the manufacture of products which represent single performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time. Transfer of control is assessed based on alternative use of the products we produce and our enforceable right to payment for performance to date under the contract terms. Transfer of control and revenue recognition generally occur upon shipment or delivery of the product, which is when title, ownership and risk of loss pass to the customer and is based on the applicable shipping terms. The shipping terms vary across all businesses and depend on the product, the country of origin, and the type of transportation (truck, train, or vessel). The length of payment terms can vary per contract but none extend beyond one year. Revenue is recognized net of any volume rebates or other incentives.

We disaggregate revenue from contracts with customers on a geographic basis based on our segment view. This disaggregation also achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. We manage our activities on the basis of geographical regions and are organized under four operating segments: North America, South America, Asia and Europe. See Note 18 — Segment, Major Customer and Major Supplier Information for further information about our segment revenue.

3. RESTRUCTURING AND IMPAIRMENT, NET

"Restructuring and impairment, net" includes restructuring costs, impairments, and other related expenses. "Restructuring and impairment, net" for the three and nine months ended December 31, 2019 totaled \$3 million and \$36 million, respectively. The restructuring and impairment expenses recognized during the three months ended December 31, 2019 primarily related to the impairment of certain long-lived assets in the Asia segment. The \$36 million in restructuring and impairment expenses recognized during the nine months ended December 31, 2019 primarily related to the portfolio optimization plan to cease certain non-core operations in Europe that we announced during second quarter of the fiscal year ending March 31, 2020. We do not anticipate significant changes in relation to this restructuring plan between now and March 2020, the expected date that operations plan to cease, that would have a material impact on future results of operations, liquidity, and capital resources.

"Restructuring and impairment, net" for the three and nine months ended December 31, 2018 totaled \$1 million and \$2 million, respectively.

As of December 31, 2019, the restructuring liability totaled \$36 million with \$26 million included in "Accrued expenses and other current liabilities" and the remaining is within "Other long-term liabilities" on our accompanying condensed consolidated balance sheet. As of December 31, 2019, the restructuring liability totaled \$22 million for the Europe segment, \$13 million for South America segment, and \$1 million for the North America segment.

The following table summarizes our restructuring liability activity and other impairment charges (in millions).

	Total restructuring liabilities	Other restructuring charges (A)	Total restructuring charges	Other impairments (B)	Total restructuring and impairments, net
Balance as of March 31, 2019	\$ 17				
Fiscal 2020 Activity:					
Expenses	23	11	\$ 34	2	\$ 36
Cash payments	(4)				
Balance as of December 31, 2019	\$ 36				

(A) Other restructuring charges include restructuring related impairments and period expenses that were not recorded through the restructuring liability.

(B) Other impairment charges not related to restructuring activities.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

4. INVENTORIES

"Inventories" consists of the following (in millions).

	<u>December 31,</u> <u>2019</u>	<u>March 31,</u> <u>2019</u>
Finished goods	\$ 389	\$ 354
Work in process	703	684
Raw materials	225	254
Supplies	177	168
Inventories	<u>\$ 1,494</u>	<u>\$ 1,460</u>

5. LEASES

We lease certain land, buildings and equipment under noncancelable operating lease arrangements and certain office space under finance (capital) lease arrangements. Upon adoption of ASC 842, we elected the following practical expedients:

- **Non-lease components:** Leases that contain non-lease components (primarily equipment maintenance) are accounted for as a single component and recorded on the condensed consolidated balance sheet for certain asset classes including real estate and certain equipment. Non-lease components include, but are not limited to, common area maintenance, service arrangements, and supply agreements.
- **Package of practical expedients:** We will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.
- **Additional transition method:** We adopted the standard using a modified retrospective approach, applying the standard's transition provisions at the beginning of the period of adoption and maintain previous disclosure requirements for comparative periods.

We used the following policies and/or assumptions in evaluating our lease population:

- **Lease determination:** Novelis considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.
- **Discount rate:** When our lease contracts do not provide a readily determinable implicit rate, we use the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by region and asset class.
- **Variable payments:** Novelis includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. Other variable lease payments include, but are not limited to, maintenance, service, and supply costs. These costs are disclosed as a component of total lease costs.
- **Purchase options:** Certain leases include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.
- **Renewal options:** Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at our sole discretion.
- **Residual value guarantees, restrictions, or covenants:** Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.
- **Short-term leases:** Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to "Selling, general, and administrative expenses" on the condensed consolidated statement of operations.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The table below presents the classification of leasing assets and liabilities.

Leases	Balance Sheet Classification	December 31, 2019	
Assets			
Operating lease right-of-use assets	Other long-term assets	\$	100
Finance lease assets (A)	Property, plant and equipment, net		2
Total lease assets		\$	102
Liabilities			
Current			
Operating lease liabilities	Accrued expenses and other current liabilities	\$	24
Finance lease liabilities	Current portion of long-term debt		—
Long term			
Operating lease liabilities	Other long-term liabilities		75
Finance lease liabilities	Long-term debt, net of current portion		1
Total lease liabilities		\$	100

(A) Finance lease assets are recorded net of accumulated depreciation of \$6 million as of December 31, 2019.

The table below presents the classification of lease related expenses or income as reported on the condensed consolidated statements of operations. Amortization of and interest on liabilities related to finance leases were less than \$1 million during the three and nine months ended December 31, 2019. Sublease income was less than \$1 million during the three and nine months ended December 31, 2019.

Expense Type	Income Statement Classification	Three Months Ended December 31, 2019	Nine Months Ended December 31, 2019
Operating lease costs (A)	Selling, general and administrative expenses	\$ 14	\$ 38

(A) Operating lease costs include short-term leases and variable lease costs.

Future minimum lease payments as of December 31, 2019, for our operating and finance leases having an initial or remaining non-cancelable lease term in excess of one year are as follows (in millions).

Fiscal Year Ending March 31,	Operating leases (A)	Finance leases (B)	Total
2020	\$ 10	\$ —	\$ 10
2021	27	—	27
2022	20	—	20
2023	15	—	15
2024	14	—	14
Thereafter	29	1	30
Total minimum lease payments	\$ 115	\$ 1	\$ 116
Less: interest	16	—	16
Present value of lease liabilities	\$ 99	\$ 1	\$ 100

(A) Operating lease payments related to options to extend lease terms that are reasonably certain of being exercised are immaterial and we do not have leases signed but not yet commenced as of December 31, 2019.

(B) Finance lease payments related to options to extend lease terms that are reasonably certain of being exercised are immaterial and we do not have leases signed but not yet commenced as of December 31, 2019.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The following table presents the weighted-average remaining lease term and discount rates.

Weighted-average remaining lease term (years)	As of December 31, 2019
Operating leases	6.5
Finance leases	6.4
Weighted-average discount rate	
Operating leases	3.73%
Finance leases	3.18%

The following table presents supplemental information on our operating leases for the nine months ended December 31, 2019 (in millions). Operating and financing cash flows from finance leases were immaterial for the nine months ended December 31, 2019. Leased assets obtained in exchange for new operating and financing lease liabilities were \$17 million for the nine months ended December 31, 2019, individually and in the aggregate.

Supplemental information	Nine Months Ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 46

Disclosure related to periods prior to adoption of the new lease standard

The following table sets forth the aggregate minimum lease payments under finance and operating leases (in millions).

Fiscal Year Ending March 31,	Operating leases	Finance lease obligations
2020	\$ 29	\$ —
2021	22	—
2022	16	—
2023	12	—
2024	10	—
Thereafter	17	1
Total minimum lease payments	<u>\$ 106</u>	<u>\$ 1</u>
Less: interest portion on finance leases		—
Principal obligation on finance leases		<u>\$ 1</u>

6. CONSOLIDATION

Variable Interest Entities (VIE)

The entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and consolidates the VIE. An entity is deemed to have a controlling financial interest and is the primary beneficiary of a VIE if it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

Logan Aluminum Inc. (Logan) is a consolidated joint venture in which we hold 40% ownership. Our joint venture partner is Tri-Arrows Aluminum Inc. (Tri-Arrows). Logan processes metal received from Novelis and Tri-Arrows and charges the respective partner a fee to cover expenses. Logan is a thinly capitalized VIE that relies on the regular reimbursement of costs and expenses from its investors, Novelis and Tri-Arrows, to fund its operations. Novelis is considered the primary beneficiary and consolidates Logan since it has the power to direct activities that most significantly impact Logan's economic performance, an obligation to absorb expected losses and the right to receive benefits that could potentially be significant.

Other than the contractually required reimbursements, we do not provide other material support to Logan. Logan's creditors do not have recourse to our general credit. There are significant other assets used in the operations of Logan that are not part of the joint venture, as they are directly owned and consolidated by Novelis or Tri-Arrows.

The following table summarizes the carrying value and classification of assets and liabilities owned by the Logan joint venture and consolidated in our condensed consolidated balance sheets (in millions).

	December 31, 2019	March 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 6	\$ 1
Accounts receivable, net	13	40
Inventories	87	72
Prepaid expenses and other current assets	2	1
Total current assets	\$ 108	\$ 114
Property, plant and equipment, net	23	29
Goodwill	12	12
Deferred income tax assets	64	64
Other long-term assets	39	27
Total assets	\$ 246	\$ 246
Liabilities		
Current liabilities		
Accounts payable	\$ 41	\$ 43
Accrued expenses and other current liabilities	20	21
Total current liabilities	\$ 61	\$ 64
Accrued postretirement benefits	241	245
Other long-term liabilities	3	1
Total liabilities	\$ 305	\$ 310

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

7. INVESTMENT IN AND ADVANCES TO NON-CONSOLIDATED AFFILIATES AND RELATED PARTY TRANSACTIONS

Included in the accompanying condensed consolidated financial statements are transactions and balances arising from business we conducted with our equity method non-consolidated affiliates. See Note 18 — Segment, Major Customer and Major Supplier Information for the respective carrying values by segment as reported in our condensed consolidated balance sheets (in millions).

Alunorf

Aluminium Norf GmbH (Alunorf) is a joint venture investment between Novelis Deutschland GmbH, a subsidiary of Novelis, and Hydro Aluminum Deutschland GmbH (Hydro). Each of the parties to the joint venture holds a 50% interest in the equity, profits and losses, shareholder voting, management control and rights to use the production capacity of the facility. Alunorf tolls aluminum and charges the respective partner a fee to cover the associated expense.

UAL

Ulsan Aluminum, Ltd. (UAL) is a joint venture investment between Novelis Korea Ltd., a subsidiary of Novelis, and Kobe Steel Ltd (Kobe). UAL currently produces flat rolled aluminum products exclusively for Novelis and Kobe. As of December 31, 2019, Novelis and Kobe both hold 50% interests in UAL. UAL is a thinly capitalized VIE that relies on the regular reimbursement of costs and expenses from its investors, Novelis and Kobe. UAL is controlled by an equally represented Board of Directors in which neither entity has sole decision-making ability regarding production operations or other significant decisions. Furthermore, neither entity has the ability to take the majority share of production or associated costs over the life of the joint venture. Our risk of loss is limited to the carrying value of our investment in and inventory-related receivables from UAL. UAL's creditors do not have recourse to our general credit. Therefore, UAL is accounted for as an equity method investment and Novelis is not considered the primary beneficiary.

AluInfra

AluInfra Services (AluInfra) is a joint venture investment between Novelis Switzerland SA (Novelis Switzerland), a subsidiary of Novelis, and Constellium N.V. (Constellium). Each of the parties to the joint venture holds a 50% interest in the equity, profits and losses, shareholder voting, management control and rights to use the facility.

The following table summarizes the results of operations of our equity method affiliates in the aggregate, and the nature and amounts of significant transactions we have with our non-consolidated affiliates (in millions). The amounts in the table below are disclosed at 100% of the operating results of these affiliates.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Net sales	\$ 285	\$ 288	\$ 893	\$ 938
Costs and expenses related to net sales	285	284	880	926
Income tax provision	—	2	3	5
Net income	\$ —	\$ 2	\$ 10	\$ 7
Purchases of tolling services from Alunorf (Novelis' share)	\$ 59	\$ 60	\$ 186	\$ 189

The following table describes the period-end account balances, shown as related party balances in the accompanying condensed consolidated balance sheets (in millions). We had no other material related party balances with non-consolidated affiliates.

	December 31, 2019	March 31, 2019
Accounts receivable, net — related parties	\$ 170	\$ 164
Accounts payable — related parties	\$ 200	\$ 175

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Transactions with Hindalco

We occasionally have related party transactions with Hindalco. During the three and nine months ended December 31, 2019 and 2018, we recorded "Net sales" of less than \$1 million between Novelis and Hindalco related primarily to sales of equipment and other services. As of December 31, 2019 and March 31, 2019, there was \$1 million and less than \$1 million of outstanding "Accounts receivable, net — related parties" net of "Accounts payable — related parties" related to transactions with Hindalco, respectively. During each of the three and nine months ended December 31, 2019 and 2018, Novelis purchased less than \$1 million in raw materials from Hindalco.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

8. DEBT

Debt consisted of the following (in millions).

	December 31, 2019				March 31, 2019			
	Interest Rates (A)	Principal	Unamortized Carrying Value Adjustments (B)	Carrying Value	Principal	Unamortized Carrying Value Adjustments (B)	Carrying Value	
Third party debt:								
Short-term borrowings	2.74%	\$ 51	\$ —	\$ 51	\$ 39	\$ —	\$ 39	
Novelis Inc.								
Floating rate Term Loan Facility, due June 2022	3.79%	1,746	(25)	1,721	1,760	(33)	1,727	
Novelis Corporation								
5.875% Senior Notes, due September 2026	5.875%	1,500	(16)	1,484	1,500	(19)	1,481	
6.25% Senior Notes, due August 2024	6.25%	1,150	(11)	1,139	1,150	(14)	1,136	
Novelis China								
Bank loans, due through June 2027 (CNY 206 million)	4.90%	29	—	29	—	—	—	
Other								
Finance lease obligations and other debt, due through December 2026	4.75%	1	—	1	3	—	3	
Total debt		\$ 4,477	\$ (52)	\$ 4,425	\$ 4,452	\$ (66)	\$ 4,386	
Less: Short-term borrowings		(51)	—	(51)	(39)	—	(39)	
Less: Current portion of long-term debt		(19)	—	(19)	(19)	—	(19)	
Long-term debt, net of current portion		\$ 4,407	\$ (52)	\$ 4,355	\$ 4,394	\$ (66)	\$ 4,328	

(A) Interest rates are the stated rates of interest on the debt instrument (not the effective interest rate) as of December 31, 2019, and therefore, exclude the effects of related interest rate swaps and accretion/amortization of fair value adjustments as a result of purchase accounting in connection with Hindalco's purchase of Novelis and accretion/amortization of debt issuance costs related to refinancing transactions and additional borrowings. We present stated rates of interest because they reflect the rate at which cash will be paid for future debt service.

(B) Amounts include unamortized debt issuance costs, fair value adjustments and debt discounts.

Principal repayment requirements for our total debt over the next five years and thereafter using exchange rates as of December 31, 2019 (for our debt denominated in foreign currencies) are as follows (in millions).

As of December 31, 2019	Amount
Short-term borrowings and current portion of long-term debt due within one year	\$ 70
2 years	18
3 years	1,712
4 years	2
5 years	1,155
Thereafter	1,520
Total	\$ 4,477

Short Term Credit Facility

Our credit agreement (the "Short Term Credit Agreement") governs the commitments of certain financial institutions to provide, subject to closing conditions (including the concurrent closing of our previously announced proposed acquisition of Aleris Corporation (Aleris)), up to \$1.5 billion of short term loans for purposes of funding a portion of the consideration payable in connection with the proposed acquisition of Aleris or repaying certain indebtedness of Aleris and its subsidiaries. The short term loans, once borrowed, will be unsecured, will mature one year from the borrowing date of the loans, will not be subject to any amortization payments and will accrue interest at LIBOR (as defined in the Term Loan Facility described below) plus 0.95%. The short term loans will be guaranteed by the same entities that have provided guarantees under the Term Loan Facility and ABL Revolver.

Senior Notes

As of December 31, 2019, we were in compliance with the covenants of our Senior Notes.

Term Loan Facility

On December 18, 2018, we entered into an increase joinder amendment (the "Term Loan Increase Joinder Amendment") to our existing secured term loan credit agreement (as amended by the Term Loan Increase Joinder Amendment, the "Amended Secured Term Loan Credit Agreement"). The Term Loan Increase Joinder Amendment governs the commitments of certain financial institutions to provide, subject to closing conditions (including the concurrent closing of the proposed acquisition of Aleris), up to \$775 million of incremental term loans under our existing term loan credit agreement.

The proceeds of the incremental term loans may be used to pay a portion of the consideration payable in connection with the proposed acquisition of Aleris and fees and expenses related to the proposed acquisition, the incremental term loans and short term loans. The incremental term loans will mature on the fifth anniversary of the date on which they are borrowed, subject to 0.25% quarterly amortization payments. The incremental term loans will, once borrowed, accrue interest at LIBOR (as defined in the Amended Secured Term Loan Credit Agreement) plus 1.75%. The incremental term loans will be subject to the same voluntary and mandatory prepayment provisions, affirmative and negative covenants and events of default as those applicable to the existing term loans outstanding under the Amended Secured Term Loan Credit Agreement. The incremental term loans will be guaranteed by the same entities that have provided guarantees under our Term Loan Facility and secured on a pari passu basis with our existing term loans by security interests in substantially all of the assets of the Company and the guarantors, subject to our existing intercreditor agreement.

As of December 31, 2019, borrowings outstanding under the Term Loan Facility (excluding the incremental term loans) consisted of a \$1.7 billion five-year secured term loan with \$18 million due within one year. As of December 31, 2019, we were in compliance with the covenants of our Term Loan Facility.

ABL Revolver

In April 2019, we entered into an amendment (the "Amendment") to our existing ABL Revolver facility. Pursuant to the terms of the agreement, the commitments under the pre-existing \$1 billion facility increased by \$500 million on October 15, 2019. Aleris and certain of its subsidiaries will become borrowers under the ABL Revolver Facility upon closing of the proposed acquisition, and the Amendment includes additional changes to facilitate the proposed acquisition of Aleris (including permitting borrowings under the Short Term Credit Agreement) and the inclusion of certain Aleris assets in the borrowing base following the acquisition, if consummated. The Amendment also includes additional changes to increase our operating flexibility.

In December 2019, at the request of our lenders, we entered into another amendment to our ABL Revolver Facility to add contractual terms required under the United States regulation commonly known as "QFC Stay Rules" to be included in certain contracts entered into by systematically important banking organization.

As of December 31, 2019, the ABL Revolver consisted of a \$1.5 billion facility. As of December 31, 2019, the revolver had a zero balance and \$16 million was utilized for letters of credit. There was \$734 million in remaining availability, including \$109 million of remaining availability which can be utilized for letters of credit, and we were in compliance with the covenants of our ABL Revolver Facility.

Other Short-Term Borrowings

As of December 31, 2019, \$50 million of the \$51 million in short-term borrowings was related to Brazil loans (BRL 202 million). We had \$104 million in availability under our Novelis Korea revolving facilities.

China Bank Loans

In September 2019, we entered into a credit agreement with the Bank of China to provide up to \$75 million in unsecured loans to support previously announced capital expansion projects in China.

Refer to our Form 10-K for the fiscal year ended March 31, 2019 for details on the issuances and respective covenants of our senior notes, short term credit facility, and senior secured credit facilities, which includes the Term Loan Facility and ABL Revolver facility.

9. SHARE-BASED COMPENSATION

During the nine months ended December 31, 2019, we granted 2,685,744 Hindalco phantom restricted stock units (RSUs) and 3,475,995 Hindalco Stock Appreciation Rights (Hindalco SARs). Total compensation expense was \$5 million and \$11 million for the three and nine months ended December 31, 2019, respectively. Total compensation expense was \$2 million and \$14 million for the three and nine months ended December 31, 2018, respectively. As of December 31, 2019, the outstanding liability related to share-based compensation was \$20 million.

The cash payments made to settle all SAR liabilities were \$3 million and \$4 million in the nine months ended December 31, 2019 and 2018, respectively. Total cash payments made to settle RSUs were \$9 million and \$14 million in the nine months ended December 31, 2019 and 2018, respectively. Unrecognized compensation expense related to the non-vested Hindalco SARs (assuming all future performance criteria are met) was \$4 million, which is expected to be recognized over a weighted average period of 1.4 years. Unrecognized compensation expense related to the RSUs was \$7 million, which will be recognized over the remaining weighted average vesting period of 1.4 years.

For a further description of authorized long term incentive plans (LTIPs), including Hindalco SARs, RSUs, and Novelis Performance Units, please refer to our Form 10-K for the fiscal year ended March 31, 2019.

10. POSTRETIREMENT BENEFIT PLANS

Components of net periodic benefit cost for all of our postretirement benefit plans are shown in the table below (in millions).

	Pension Benefit Plans		Other Benefit Plans	
	Three Months Ended December 31,		Three Months Ended December 31,	
	2019	2018	2019	2018
Service cost	\$ 10	\$ 10	\$ 2	\$ 2
Interest cost	15	15	2	2
Expected return on assets	(18)	(17)	—	—
Amortization — losses, net	9	8	—	—
Termination benefits / curtailments	—	2	—	—
Net periodic benefit cost (A)	\$ 16	\$ 18	\$ 4	\$ 4

	Pension Benefit Plans		Other Benefit Plans	
	Nine Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Service cost	\$ 30	\$ 30	\$ 8	\$ 6
Interest cost	45	45	6	6
Expected return on assets	(54)	(49)	—	—
Amortization — losses, net	26	24	—	2
Termination benefits / curtailments	—	2	—	—
Net periodic benefit cost (A)	\$ 47	\$ 52	\$ 14	\$ 14

(A) Service cost is included within "Cost of goods sold (exclusive of depreciation and amortization)" and "Selling, general and administrative expenses" while all other cost components are recorded within "Other (income) expenses, net."

The average expected long-term rate of return on plan assets is 5.5% in fiscal 2020.

Employer Contributions to Plans

For pension plans, our policy is to fund an amount required to provide for contractual benefits attributed to service to date, and amortize unfunded actuarial liabilities typically over periods of 15 years or less. We also participate in savings plans in Canada and the U.S., as well as defined contribution pension plans in the U.S., U.K., Canada, Germany, Italy, Switzerland and Brazil. We contributed the following amounts (in millions) to all plans.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Funded pension plans	\$ 8	\$ 5	\$ 46	\$ 21
Unfunded pension plans	3	3	8	9
Savings and defined contribution pension plans	8	8	25	24
Total contributions	\$ 19	\$ 16	\$ 79	\$ 54

During the remainder of fiscal 2020, we expect to contribute an additional \$8 million to our funded pension plans, \$3 million to our unfunded pension plans and \$8 million to our savings and defined contribution pension plans.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

11. CURRENCY (GAINS) LOSSES

The following currency (gains) losses are included in “Other (income) expenses, net” in the accompanying condensed consolidated statements of operations (in millions).

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
(Gain) loss on remeasurement of monetary assets and liabilities, net	\$ 12	\$ (1)	\$ 6	\$ (7)
(Gain) loss recognized on balance sheet remeasurement currency exchange contracts, net	(12)	1	(4)	7
Currency (gains) losses, net	\$ —	\$ —	\$ 2	\$ —

The following currency gains (losses) are included in “Accumulated other comprehensive income (loss),” net of tax and “Noncontrolling interest” in the accompanying condensed consolidated balance sheets (in millions).

	Nine Months Ended December 31, 2019	Fiscal Year Ended March 31, 2019
Cumulative currency translation adjustment — beginning of period	\$ (236)	\$ (65)
Effect of changes in exchange rates	(2)	(171)
Cumulative currency translation adjustment — end of period	\$ (238)	\$ (236)

12. FINANCIAL INSTRUMENTS AND COMMODITY CONTRACTS

The following tables summarize the gross fair values of our financial instruments and commodity contracts as of the periods presented (in millions).

	December 31, 2019					
	Assets		Liabilities		Net Fair Value	
	Current	Noncurrent (A)	Current	Noncurrent (A)	Assets / (Liabilities)	
Derivatives designated as hedging instruments:						
<i>Cash flow hedges</i>						
Metal contracts	\$ 5	\$ —	\$ (10)	\$ —	\$ (5)	
Currency exchange contracts	8	2	(12)	(3)	(5)	
Energy contracts	—	—	(6)	(4)	(10)	
Total derivatives designated as hedging instruments	\$ 13	\$ 2	\$ (28)	\$ (7)	\$ (20)	
Derivatives not designated as hedging instruments:						
Metal contracts	18	—	(20)	—	(2)	
Currency exchange contracts	20	—	(11)	—	9	
Total derivatives not designated as hedging instruments	\$ 38	\$ —	\$ (31)	\$ —	\$ 7	
Total derivative fair value	\$ 51	\$ 2	\$ (59)	\$ (7)	\$ (13)	

	March 31, 2019					
	Assets		Liabilities		Net Fair Value	
	Current	Noncurrent (A)	Current	Noncurrent (A)	Assets / (Liabilities)	
Derivatives designated as hedging instruments:						
<i>Cash flow hedges</i>						
Metal contracts	\$ 6	\$ —	\$ (10)	\$ —	\$ (4)	
Currency exchange contracts	4	—	(15)	(1)	(12)	
Energy contracts	—	—	(1)	(4)	(5)	
Total derivatives designated as hedging instruments	\$ 10	\$ —	\$ (26)	\$ (5)	\$ (21)	
Derivatives not designated as hedging instruments:						
Metal contracts	38	1	(34)	(1)	4	
Currency exchange contracts	22	1	(27)	(1)	(5)	
Total derivatives not designated as hedging instruments	\$ 60	\$ 2	\$ (61)	\$ (2)	\$ (1)	
Total derivative fair value	\$ 70	\$ 2	\$ (87)	\$ (7)	\$ (22)	

(A) The noncurrent portions of derivative assets and liabilities are included in “Other long-term assets-third parties” and in “Other long-term liabilities”, respectively, in the accompanying condensed consolidated balance sheets.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Metal

We use derivative instruments to preserve our conversion margins and manage the timing differences associated with metal price lag. We use over-the-counter derivatives indexed to the London Metals Exchange (LME) (referred to as our "aluminum derivative forward contracts") to reduce our exposure to fluctuating metal prices associated with the period of time between the pricing of our purchases of inventory and the pricing of the sale of that inventory to our customers, which is known as "metal price lag." We also purchase forward LME aluminum contracts simultaneously with our sales contracts with customers that contain fixed metal prices. These LME aluminum forward contracts directly hedge the economic risk of future metal price fluctuations to better match the selling price of the metal with the purchase price of the metal. The volatility in local market premiums also results in metal price lag.

Price risk exposure arises from commitments to sell aluminum in future periods at fixed prices. We identify and designate certain LME aluminum forward contracts as fair value hedges of the metal price risk associated with fixed price sales commitments that qualify as firm commitments. We did not have any outstanding aluminum forward purchase contracts designated as fair value hedges as of December 31, 2019 and March 31, 2019.

Price risk arises due to fluctuating aluminum prices between the time the sales order is committed and the time the order is shipped. We identify and designate certain LME aluminum forward purchase contracts as cash flow hedges of the metal price risk associated with our future metal purchases that vary based on changes in the price of aluminum. Generally, such exposures do not extend beyond two years in length. The average duration of undesignated contracts is less than one year.

Price risk exposure arises due to the timing lag between the LME based pricing of raw material aluminum purchases and the LME based pricing of finished product sales. We identify and designate certain LME aluminum forward sales contracts as cash flow hedges of the metal price risk associated with our future metal sales that vary based on changes in the price of aluminum. Generally, such exposures do not extend beyond two years in length. The average duration of undesignated contracts is less than one year.

In addition to aluminum, we entered into LME copper and LMP forward contracts. As of December 31, 2019 and March 31, 2019, the fair value of these contracts represented an asset of less than \$1 million. These contracts are undesignated with an average duration of less than two years.

The following table summarizes our metal notional amounts in kilotonnes (kt). One kt is 1,000 metric tonnes.

Hedge type	December 31, 2019	March 31, 2019
<i>Purchase (sale)</i>		
Cash flow purchases	34	—
Cash flow sales	(409)	(353)
Not designated	(28)	15
Total, net	<u>(403)</u>	<u>(338)</u>

Foreign Currency

We use foreign exchange forward contracts, cross-currency swaps and options to manage our exposure to changes in exchange rates. These exposures arise from recorded assets and liabilities, firm commitments and forecasted cash flows denominated in currencies other than the functional currency of certain operations.

We use foreign currency contracts to hedge expected future foreign currency transactions, which include capital expenditures. These contracts cover the same periods as known or expected exposures. We had total notional amounts of \$869 million and \$703 million in outstanding foreign currency forwards designated as cash flow hedges as of December 31, 2019 and March 31, 2019, respectively.

We use foreign currency contracts to hedge our foreign currency exposure to our net investment in foreign subsidiaries. We did not have any outstanding foreign currency forwards designated as net investment hedges as of December 31, 2019 and March 31, 2019.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As of December 31, 2019 and March 31, 2019, we had outstanding foreign currency exchange contracts with a total notional amount of \$721 million and \$737 million, respectively, to primarily hedge balance sheet remeasurement risk, which were not designated as hedges. Contracts representing the majority of this notional amount will mature during the fourth quarter of fiscal 2020 and offset the remeasurement impact.

Energy

We own an interest in an electricity swap contract to hedge our exposure to fluctuating electricity prices, which matures on January 5, 2022. As of December 31, 2019 and March 31, 2019, 1 million of notional megawatt hours was outstanding and the fair value of this swap was a liability of \$5 million and \$3 million, respectively. The electricity swap is designated as a cash flow hedge.

We use natural gas forward purchase contracts to manage our exposure to fluctuating energy prices in North America. We had a notional of 11 million MMBTUs designated as cash flow hedges as of December 31, 2019, and the fair value was a liability of \$5 million. There was a notional of 15 million MMBTU forward contracts designated as cash flow hedges as of March 31, 2019 and the fair value was a liability of \$2 million. As of December 31, 2019 and March 31, 2019, we had notionals of less than 1 million MMBTU forward contracts that were not designated as hedges. The fair value of forward contracts not designated as hedges as of December 31, 2019 and March 31, 2019 was a liability of less than \$1 million. The average duration of undesignated contracts is less than three years in length. One MMBTU is the equivalent of one decatherm, or one million British Thermal Units.

We use diesel fuel forward contracts to manage our exposure to fluctuating fuel prices in North America. We had a notional of 5 million gallons designated as cash flow hedges as of December 31, 2019, and the fair value was a liability of less than \$1 million. There was a notional of 8 million gallons designated as cash flow hedges as of March 31, 2019, and the fair value was a liability of less than \$1 million.

Interest Rate

As of December 31, 2019 and March 31, 2019, we had no outstanding interest rate swaps.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Gain (Loss) Recognition

The following table summarizes the gains (losses) associated with the change in fair value of derivative instruments not designated as hedges and the excluded portion of designated derivatives recognized in "Other (income) expenses, net" (in millions). Gains (losses) recognized in other line items in the condensed consolidated statement of operations are separately disclosed within this footnote.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Derivative instruments not designated as hedges				
Metal contracts	\$ 2	\$ (1)	\$ (2)	\$ (7)
Currency exchange contracts	14	1	6	(8)
Energy contracts (A)	1	(2)	4	3
Gain (loss) recognized in "Other (income) expenses, net"	\$ 17	\$ (2)	\$ 8	\$ (12)
Derivative instruments designated as hedges				
Gain (loss) recognized in "Other (income) expenses, net" (B)	\$ —	\$ 2	\$ 2	\$ 2
Total gain (loss) recognized in "Other (income) expenses, net"	\$ 17	\$ —	\$ 10	\$ (10)
Balance sheet remeasurement currency exchange contract losses	\$ 12	\$ (1)	\$ 4	\$ (7)
Realized gains (losses), net	(1)	7	(9)	6
Unrealized gains (losses) on other derivative instruments, net	6	(6)	15	(9)
Total gain (loss) recognized in "Other (income) expenses, net"	\$ 17	\$ —	\$ 10	\$ (10)

(A) Includes amounts related to diesel swaps not designated as hedges, and electricity swap settlements.

(B) Amount includes: forward market premium/discount excluded from hedging relationship on designated foreign currency capital expenditure contracts; releases to income from AOCI on balance sheet remeasurement contracts.

The following table summarizes the impact on AOCI and earnings of derivative instruments designated as cash flow hedges (in millions). Within the next twelve months, we expect to reclassify \$20 million of losses from AOCI to earnings, before taxes.

	Amount of Gain (Loss) Recognized in OCI (Effective Portion)		Amount of Gain (Loss) Recognized in OCI (Effective Portion)		Amount of Gain (Loss) Recognized in "Other (Income) Expenses, net" (Ineffective and Excluded Portion)		Amount of Gain (Loss) Recognized in "Other (Income) Expenses, net" (Ineffective and Excluded Portion)	
	Three Months Ended December 31,		Nine Months Ended December 31,		Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018	2019	2018	2019	2018
Cash flow hedging derivatives								
Metal contracts	\$ (24)	\$ 95	\$ 52	\$ 59	\$ —	\$ —	\$ —	\$ —
Currency exchange contracts	26	(3)	(16)	(38)	—	2	2	2
Energy contracts	(1)	3	(10)	4	—	—	—	—
Total	\$ 1	\$ 95	\$ 26	\$ 25	\$ —	\$ 2	\$ 2	\$ 2

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Gain (Loss) Reclassification

	Amount of Gain (Loss) Reclassified from AOCI into Income/(Expense) (Effective Portion) Three Months Ended December 31,		Amount of Gain (Loss) Reclassified from AOCI into Income/(Expense) (Effective Portion) Nine Months Ended December 31,		Location of Gain (Loss) Reclassified from AOCI into Earnings
	2019	2018	2019	2018	
Cash flow hedging derivatives					
Energy contracts (A)	\$ (1)	\$ (1)	\$ (3)	\$ (2)	Cost of goods sold (B)
Metal contracts	(2)	—	(3)	—	Cost of goods sold (B)
Metal contracts	15	42	68	42	Net sales
Currency exchange contracts	(2)	(3)	(3)	(10)	Cost of goods sold (B)
Currency exchange contracts	—	—	—	(1)	Selling, general and administrative expenses
Currency exchange contracts	(3)	(3)	(10)	(6)	Net sales
Currency exchange contracts	—	—	(1)	(1)	Depreciation and amortization
Total	\$ 7	\$ 35	\$ 48	\$ 22	Income (loss) before taxes
	(1)	(9)	(11)	(7)	Income tax (provision) benefit
	<u>\$ 6</u>	<u>\$ 26</u>	<u>\$ 37</u>	<u>\$ 15</u>	Net gain (loss)

(A) Includes amounts related to electricity, natural gas, and diesel swaps.

(B) "Cost of goods sold" is exclusive of depreciation and amortization.

The following tables summarize the location and amount of gains (losses) that were reclassified from "Accumulated other comprehensive income (loss)" into earnings and the amount excluded from the assessment of effectiveness for the periods presented (in millions).

	Three Months Ended December 31, 2019					Nine Months Ended December 31, 2019				
	Net Sales	Cost of Goods Sold	Selling, General & Administrative Expenses	Depreciation and Amortization	Other (Income) Expenses, Net	Net Sales	Cost of Goods Sold	Selling, General & Administrative Expenses	Depreciation and Amortization	Other (Income) Expenses, Net
Gain (loss) on cash flow hedging relationships										
Metal commodity contracts:										
Amount of gain reclassified from AOCI into income	\$ 15	\$ (2)	\$ —	\$ —	\$ —	\$ 68	\$ (3)	\$ —	\$ —	\$ —
Energy commodity contracts:										
Amount of loss reclassified from AOCI into income	\$ —	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ (3)	\$ —	\$ —	\$ —
Foreign exchange contracts:										
Amount of loss reclassified from AOCI into income	\$ (3)	\$ (2)	\$ —	\$ —	\$ —	\$ (10)	\$ (3)	\$ —	\$ (1)	\$ —
Amount excluded from effectiveness testing recognized in earnings based on changes in fair value	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

	Three Months Ended December 31, 2018					Nine Months Ended December 31, 2018				
	Net Sales	Cost of Goods Sold	Selling, General & Administrative Expenses	Depreciation and Amortization	Other (Income) Expenses, Net	Net Sales	Cost of Goods Sold	Selling, General & Administrative Expenses	Depreciation and Amortization	Other (Income) Expenses, Net
Gain (loss) on cash flow hedging relationships										
Metal commodity contracts:										
Amount of gain reclassified from AOCI into income	\$ 42	\$ —	\$ —	\$ —	\$ —	\$ 42	\$ —	\$ —	\$ —	\$ —
Energy commodity contracts:										
Amount of loss reclassified from AOCI into income	\$ —	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ (2)	\$ —	\$ —	\$ —
Foreign exchange contracts:										
Amount of loss reclassified from AOCI into income	\$ (3)	\$ (3)	\$ —	\$ —	\$ —	\$ (6)	\$ (10)	\$ (1)	\$ (1)	\$ —
Amount excluded from effectiveness testing recognized in earnings based on changes in fair value	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ 2

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables summarize the change in the components of Accumulated other comprehensive income (loss), net of tax and excluding "Noncontrolling interest", for the periods presented (in millions).

	Currency Translation	(A) Cash Flow Hedges	(B) Postretirement Benefit Plans	Total
Balance as of September 30, 2019	\$ (317)	\$ (33)	\$ (233)	\$ (583)
Other comprehensive income (loss) before reclassifications	79	—	(5)	74
Amounts reclassified from AOCI, net	—	(6)	6	—
Net current-period other comprehensive income (loss)	79	(6)	1	74
Balance as of December 31, 2019	<u>\$ (238)</u>	<u>\$ (39)</u>	<u>\$ (232)</u>	<u>\$ (509)</u>
	Currency Translation	(A) Cash Flow Hedges	(B) Postretirement Benefit Plans	Total
Balance as of September 30, 2018	\$ (183)	\$ (12)	\$ (221)	\$ (416)
Other comprehensive income (loss) before reclassifications	(26)	71	2	47
Amounts reclassified from AOCI, net	—	(26)	6	(20)
Net current-period other comprehensive income (loss)	(26)	45	8	27
Balance as of December 31, 2018	<u>\$ (209)</u>	<u>\$ 33</u>	<u>\$ (213)</u>	<u>\$ (389)</u>
	Currency Translation	(A) Cash Flow Hedges	(B) Postretirement Benefit Plans	Total
Balance as of March 31, 2019	\$ (236)	\$ (22)	\$ (248)	\$ (506)
Other comprehensive income (loss) before reclassifications	(2)	20	(2)	16
Amounts reclassified from AOCI, net	—	(37)	18	(19)
Net current-period other comprehensive income (loss)	(2)	(17)	16	(3)
Balance as of December 31, 2019	<u>\$ (238)</u>	<u>\$ (39)</u>	<u>\$ (232)</u>	<u>\$ (509)</u>
	Currency Translation	(A) Cash Flow Hedges	(B) Postretirement Benefit Plans	Total
Balance as of March 31, 2018	\$ (65)	\$ 31	\$ (227)	\$ (261)
Amounts reclassified from AOCI, net - due to adoption of accounting standard updates	—	(3)	(13)	(16)
Balance as of April 1, 2018	\$ (65)	\$ 28	\$ (240)	\$ (277)
Other comprehensive income (loss) before reclassifications	(144)	20	7	(117)
Amounts reclassified from AOCI, net	—	(15)	20	5
Net current-period other comprehensive income (loss)	(144)	5	27	(112)
Balance as of December 31, 2018	<u>\$ (209)</u>	<u>\$ 33</u>	<u>\$ (213)</u>	<u>\$ (389)</u>

(A) For additional information on our cash flow hedges, see Note 12 — Financial Instruments and Commodity Contracts.

(B) For additional information on our postretirement benefit plans, see Note 10 — Postretirement Benefit Plans.

14. FAIR VALUE MEASUREMENTS

We record certain assets and liabilities, primarily derivative instruments, on our consolidated balance sheets at fair value. We also disclose the fair values of certain financial instruments, including debt and loans receivable, which are not recorded at fair value. Our objective in measuring fair value is to estimate an exit price in an orderly transaction between market participants on the measurement date. We consider factors such as liquidity, bid/offer spreads and nonperformance risk, including our own nonperformance risk, in measuring fair value. We use observable market inputs wherever possible. To the extent observable market inputs are not available, our fair value measurements will reflect the assumptions we used. We grade the level of the inputs and assumptions used according to a three-tier hierarchy:

Level 1 - Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities we have the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for which there is little or no market data, which require us to develop our own assumptions based on the best information available as what market participants would use in pricing the asset or liability.

The following section describes the valuation methodologies we used to measure our various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified.

Derivative Contracts

For certain derivative contracts with fair values based upon trades in liquid markets, such as aluminum, foreign exchange, natural gas and diesel fuel forward contracts and options, valuation model inputs can generally be verified and valuation techniques do not involve significant judgment. The fair values of such financial instruments are generally classified within Level 2 of the fair value hierarchy.

The majority of our derivative contracts are valued using industry-standard models with observable market inputs as their basis, such as time value, forward interest rates, volatility factors, and current (spot) and forward market prices. We generally classify these instruments within Level 2 of the valuation hierarchy. Such derivatives include interest rate swaps, cross-currency swaps, foreign currency contracts, aluminum and copper forward contracts, natural gas and diesel fuel forward contracts.

We classify derivative contracts that are valued based on models with significant unobservable market inputs as Level 3 of the valuation hierarchy. Our electricity swap, which is our only Level 3 derivative contract, represents an agreement to buy electricity at a fixed price at our Oswego, New York facility. Forward prices are not observable for this market, so we must make certain assumptions based on available information we believe to be relevant to market participants. We use observable forward prices for a geographically nearby market and adjust for 1) historical spreads between the cash prices of the two markets, and 2) historical spreads between retail and wholesale prices.

For the electricity swap, the average forward price at December 31, 2019, estimated using the method described above, was \$39 per megawatt hour, which represented an approximately \$1 premium over forward prices in the nearby observable market. The actual rate from the most recent swap settlement was approximately \$33 per megawatt hour. Each \$1 per megawatt hour decline in price decreases the valuation of the electricity swap by \$1 million.

For Level 2 and 3 of the fair value hierarchy, where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit considerations (nonperformance risk). We regularly monitor these factors along with significant market inputs and assumptions used in our fair value measurements and evaluate the level of the valuation input according to the fair value hierarchy. This may result in a transfer between levels in the hierarchy from period to period. As of December 31, 2019 and March 31, 2019, we did not have any Level 1 derivative contracts. No amounts were transferred between levels in the fair value hierarchy.

All of the Company's derivative instruments are carried at fair value in the statements of financial position prior to considering master netting agreements.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The following table presents our derivative assets and liabilities which were measured and recognized at fair value on a recurring basis and classified under the appropriate level of the fair value hierarchy as of December 31, 2019 and March 31, 2019 (in millions). The table below also discloses the net fair value of the derivative instruments after considering the impact of master netting agreements.

	December 31, 2019		March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Level 2 instruments:				
Metal contracts	\$ 23	\$ (30)	\$ 45	\$ (45)
Currency exchange contracts	30	(26)	27	(44)
Energy contracts	—	(5)	—	(2)
Total level 2 instruments	\$ 53	\$ (61)	\$ 72	\$ (91)
Level 3 instruments:				
Energy contracts	—	(5)	—	(3)
Total level 3 instruments	\$ —	\$ (5)	\$ —	\$ (3)
Total gross	\$ 53	\$ (66)	\$ 72	\$ (94)
Netting adjustment (A)	\$ (22)	\$ 22	\$ (36)	\$ 36
Total net	\$ 31	\$ (44)	\$ 36	\$ (58)

(A) Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions with the same counterparties.

There were no unrealized gains (losses) recognized in "Other (income) expenses, net" for the three and nine months ended December 31, 2019 related to Level 3 financial instruments.

The following table presents a reconciliation of fair value activity for Level 3 derivative contracts (in millions).

	Level 3 – Derivative Instruments (A)
Balance as of March 31, 2019	\$ (3)
Unrealized/realized gain (loss) included in earnings (B)	3
Unrealized/realized gain (loss) included in AOCI (C)	(4)
Settlements (B)	(1)
Balance as of December 31, 2019	\$ (5)

(A) Represents net derivative liabilities.

(B) Included in "Other (income) expenses, net."

(C) Included in "Net change in fair value of effective portion of cash flow hedges."

Financial Instruments Not Recorded at Fair Value

The table below presents the estimated fair value of certain financial instruments not recorded at fair value on a recurring basis (in millions). The table excludes short-term financial assets and liabilities for which we believe carrying value approximates fair value. We value long-term debt using Level 2 inputs. Valuations are based on either market and/or broker ask prices when available or on a standard credit adjusted discounted cash flow model using market observable inputs.

	December 31, 2019		March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities				
Total debt — third parties (excluding short-term borrowings)	\$ 4,374	\$ 4,618	\$ 4,347	\$ 4,472

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

15. OTHER (INCOME) EXPENSES, NET

“Other (income) expenses, net” is comprised of the following (in millions).

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Currency (gains) losses, net (A)	\$ —	\$ —	\$ 2	\$ —
Unrealized (gains) losses on change in fair value of derivative instruments, net (B)	(6)	6	(15)	9
Realized (gains) losses on change in fair value of derivative instruments, net (B)	1	(7)	9	(6)
(Gain) loss on sale of assets, net	1	2	(1)	4
(Gain) loss on Brazilian tax litigation, net (C)	(8)	—	(7)	1
Interest income	(2)	(3)	(8)	(8)
Non-operating net periodic benefit cost	8	8	23	24
Other, net	3	4	—	9
Other (income) expenses, net	\$ (3)	\$ 10	\$ 3	\$ 33

(A) See Note 11 — Currency (Gains) Losses for further details.

(B) See Note 12 — Financial Instruments and Commodity Contracts for further details.

(C) See Note 17 — Commitments and Contingencies for further details.

16. INCOME TAXES

For the three and nine months ended December 31, 2019, we had effective tax rates of 31% and 30%, respectively. For the three and nine months ended December 31, 2018, we had effective tax rates of 33% and 32%, respectively. These tax rates are primarily due to the results of operations taxed at foreign statutory tax rates that differ from the 25% Canadian tax rate, including withholding taxes, also driven by changes in valuation allowances, changes to the Brazilian real foreign exchange rate, and certain other non-deductible expenses, offset by tax credits.

As of December 31, 2019, we had a net deferred tax liability of \$111 million. This amount included gross deferred tax assets of approximately \$1.1 billion and a valuation allowance of \$746 million. It is reasonably possible that our estimates of future taxable income may change within the next twelve months resulting in a change to the valuation allowance in one or more jurisdictions.

Tax authorities continue to examine certain of our tax filings for fiscal years 2005 through 2018. As a result of audit settlements, judicial decisions, the filing of amended tax returns or the expiration of statutes of limitations, our reserves for unrecognized tax benefits, as well as reserves for interest and penalties, may decrease in the next twelve months by an amount estimated to be less than \$1 million.

In May 2019, Switzerland voted to approve the Federal Act on Tax Reform and AHV Financing ("Swiss Tax Reform"), effective at the federal level on January 1, 2020. The impacts of Swiss Tax Reform at the federal level did not have a material impact to the Company's financial statements. In addition to federal level implications, Swiss Tax Reform also results in the abolishment of preferential tax regimes by the cantons and, in addition, provides the cantons with parameters for establishing local tax rates and regulations.

Novelis operates in the cantons of Zurich and Valais. In October 2019, the canton of Zurich enacted Swiss Tax Reform on the cantonal level into law. As a result, we recognized an increase to net deferred tax assets of approximately \$4 million during the quarter ended December 31, 2019. The company considers the income tax impact of Swiss Tax Reform in the canton of Zurich to be an estimate based on the Company's current interpretation and is subject to change upon valuation and further legislative guidance. The canton of Valais has not completed the enactment of Swiss Tax Reform on the cantonal level and therefore, no tax impact was recorded during the quarter ended December 31, 2019.

17. COMMITMENTS AND CONTINGENCIES

We are party to, and may in the future be involved in, or subject to, disputes, claims and proceedings arising in the ordinary course of our business, including some we assert against others, such as environmental, health and safety, product liability, employee, tax, personal injury and other matters. For certain matters in which the Company is involved for which a loss is reasonably possible, we are unable to estimate a loss. For certain other matters for which a loss is reasonably possible and the loss is estimable, we have estimated the aggregated range of loss as \$0 to \$80 million. This estimated aggregate range of reasonably possible losses is based upon currently available information. The Company's estimates involve significant judgment, and therefore, the estimate will change from time to time and actual losses may differ from the current estimate. We review the status of, and estimated liability related to, pending claims and civil actions on a quarterly basis. The evaluation model includes all asserted and unasserted claims that can be reasonably identified, including claims relating to our responsibility for compliance with environmental, health and safety laws and regulations in the jurisdictions in which we operate or formerly operated. The estimated costs in respect of such reported liabilities are not offset by amounts related to insurance or indemnification arrangements unless otherwise noted.

Environmental Matters

We have established liabilities based on our estimates for currently anticipated costs associated with environmental matters. We estimate that the costs related to our environmental liabilities as of December 31, 2019 and March 31, 2019 were approximately \$8 million and \$9 million, respectively. Of the total \$8 million at December 31, 2019, \$7 million was associated with restructuring actions and the remaining \$1 million is associated with undiscounted environmental clean-up costs. As of December 31, 2019, \$4 million is included in "Accrued expenses and other current liabilities" and the remaining is within "Other long-term liabilities" in our accompanying condensed consolidated balance sheets.

Brazilian Tax Litigation

Under a federal tax dispute settlement program established by the Brazilian government, we have settled several disputes with Brazil's tax authorities regarding various forms of manufacturing taxes and social security contributions. Total settlement liabilities as of December 31, 2019 and March 31, 2019 were \$37 million and \$44 million, respectively. As of December 31, 2019, \$8 million is included in "Accrued expenses and other current liabilities" and the remaining is within "Other long-term liabilities" in our accompanying condensed consolidated balance sheets.

In addition to the disputes we have settled under the federal tax dispute settlement program, we are involved in several other unresolved tax and other legal claims in Brazil. Total liabilities for other disputes and claims were \$23 million as of December 31, 2019 and March 31, 2019. As of December 31, 2019, \$2 million is included in "Accrued expenses and other current liabilities" and the remaining is within "Other long-term liabilities" in our accompanying condensed consolidated balance sheets. Additionally, we have included in the range of reasonably possible losses disclosed above, any unresolved tax disputes or other contingencies for which a loss is reasonably possible and estimable. The interest cost recorded on these settlement liabilities offset by interest earned on the cash deposits is reported in "Other (income) expenses, net" on the consolidated statement of operations.

During the quarter ended December 31, 2019, we received a favorable ruling from the Brazilian court that recognized the right to exclude certain taxes related to contribution to the social integration program and social security contribution on gross revenues, also known as PIS and COFINS. The ruling excludes taxes on value-added tax sales and services (defined as ICMS within Brazil, similar to VAT within the United States) from the calculation basis of PIS and COFINS from calendar years 2015 to 2017. As a result of this case, we have the right to apply for tax credits for the amounts overpaid during that period. The mentioned credit and corresponding interest can be used to offset various Brazilian federal taxes in future years. The exact methodology to compute the amount of the tax credit is still being determined by the tax authorities. We have estimated that it is probable to receive a benefit, net of fees and applicable Brazilian taxes, of \$5 million (translated into US dollars as of December 31, 2019) associated with tax years 2015 to 2017. We reflected this benefit by recording \$8 million in "Other (income) expenses, net" on the consolidated statement of operations, offset by \$3 million of "Income tax provision" in our consolidated statement of operations.

For additional information, please refer to our Form 10-K for the fiscal year ended March 31, 2019.

18. SEGMENT, MAJOR CUSTOMER AND MAJOR SUPPLIER INFORMATION

Segment Information

Due in part to the regional nature of supply and demand of aluminum rolled products and to best serve our customers, we manage our activities based on geographical areas and are organized under four operating segments: North America, Europe, Asia and South America. All of our segments manufacture aluminum sheet and light gauge products.

The following is a description of our operating segments:

North America. Headquartered in Atlanta, Georgia, this segment operates eight plants, including two fully dedicated recycling facilities and two facilities with recycling operations, in two countries.

Europe. Headquartered in Künsnacht, Switzerland, this segment operates ten plants, including two fully dedicated recycling facilities and three facilities with recycling operations, in four countries.

Asia. Headquartered in Seoul, South Korea, this segment operates three plants, including two facilities with recycling operations, in two countries.

South America. Headquartered in Sao Paulo, Brazil, this segment comprises power generation operations, and operates two plants, including a facility with recycling operations, in Brazil.

Net sales and expenses are measured in accordance with the policies and procedures described in Note 1 — Business and Summary of Significant Accounting Policies shown in our Form 10-K for the fiscal year ended March 31, 2019.

We measure the profitability and financial performance of our operating segments based on segment income. Segment income provides a measure of our underlying segment results that is in line with our approach to risk management. We define segment income as earnings before (a) “depreciation and amortization”; (b) “interest expense and amortization of debt issuance costs”; (c) “interest income”; (d) unrealized gains (losses) on change in fair value of derivative instruments, net, except for foreign currency remeasurement hedging activities, which are included in segment income; (e) impairment of goodwill; (f) gain or loss on extinguishment of debt; (g) noncontrolling interest's share; (h) adjustments to reconcile our proportional share of segment income from non-consolidated affiliates to income as determined on the equity method of accounting; (i) “restructuring and impairment, net”; (j) gains or losses on disposals of property, plant and equipment and businesses, net; (k) other costs, net; (l) litigation settlement, net of insurance recoveries; (m) sale transaction fees; (n) provision or benefit for taxes on income (loss); (o) cumulative effect of accounting change, net of tax; (p) metal price lag; and (q) business acquisition and other integration related costs.

The tables below show selected segment financial information (in millions). The “Eliminations and Other” column in the table below includes eliminations and functions that are managed directly from our corporate office that have not been allocated to our operating segments, as well as the adjustments for proportional consolidation, and eliminations of intersegment “Net sales.” The financial information for our segments includes the results of our affiliates on a proportionately consolidated basis, which is consistent with the way we manage our business segments. In order to reconcile the financial information for the segments shown in the tables below to the relevant U.S. GAAP based measures, we must adjust proportional consolidation of each line item. The “Eliminations and Other” in “Net sales - third party” includes the net sales attributable to our joint venture party, Tri-Arrows, for our Logan affiliate because we consolidate 100% of the Logan joint venture for U.S. GAAP, but we manage our Logan affiliate on a proportionately consolidated basis. See Note 6 — Consolidation and Note 7 — Investment in and Advances to Non-Consolidated Affiliates and Related Party Transactions for further information about these affiliates. Additionally, we eliminate intersegment sales and intersegment income for reporting on a consolidated basis.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Selected Segment Financial Information

December 31, 2019	North America	Europe	Asia	South America	Eliminations and Other	Total
Investment in and advances to non-consolidated affiliates	\$ —	\$ 481	\$ 313	\$ —	\$ —	\$ 794
Total assets	\$ 3,279	\$ 2,959	\$ 1,627	\$ 1,558	\$ 283	\$ 9,706
March 31, 2019	North America	Europe	Asia	South America	Eliminations and Other	Total
Investment in and advances to non-consolidated affiliates	\$ —	\$ 478	\$ 314	\$ —	\$ —	\$ 792
Total assets	\$ 2,918	\$ 2,872	\$ 1,717	\$ 1,831	\$ 225	\$ 9,563
Selected Operating Results Three Months Ended December 31, 2019	North America	Europe	Asia	South America	Eliminations and Other	Total
Net sales-third party	\$ 981	\$ 717	\$ 478	\$ 466	\$ 73	\$ 2,715
Net sales-intersegment	—	19	7	15	(41)	—
Net sales	<u>\$ 981</u>	<u>\$ 736</u>	<u>\$ 485</u>	<u>\$ 481</u>	<u>\$ 32</u>	<u>\$ 2,715</u>
Depreciation and amortization	\$ 39	\$ 29	\$ 16	\$ 17	\$ (10)	\$ 91
Income tax provision	\$ 5	\$ 5	\$ 9	\$ 33	\$ (3)	\$ 49
Capital expenditures	\$ 67	\$ 21	\$ 23	\$ 15	\$ (4)	\$ 122
Selected Operating Results Three Months Ended December 31, 2018	North America	Europe	Asia	South America	Eliminations and Other	Total
Net sales-third party	\$ 1,116	\$ 745	\$ 532	\$ 547	\$ 69	\$ 3,009
Net sales-intersegment	—	41	17	7	(65)	—
Net sales	<u>\$ 1,116</u>	<u>\$ 786</u>	<u>\$ 549</u>	<u>\$ 554</u>	<u>\$ 4</u>	<u>\$ 3,009</u>
Depreciation and amortization	\$ 38	\$ 30	\$ 14	\$ 16	\$ (10)	\$ 88
Income tax provision	\$ 10	\$ (4)	\$ 5	\$ 18	\$ 8	\$ 37
Capital expenditures	\$ 39	\$ 20	\$ 24	\$ 17	\$ (4)	\$ 96
Selected Operating Results Nine Months Ended December 31, 2019	North America	Europe	Asia	South America	Eliminations and Other	Total
Net sales-third party	\$ 3,167	\$ 2,239	\$ 1,468	\$ 1,390	\$ 227	\$ 8,491
Net sales-intersegment	—	103	12	40	(155)	—
Net sales	<u>\$ 3,167</u>	<u>\$ 2,342</u>	<u>\$ 1,480</u>	<u>\$ 1,430</u>	<u>\$ 72</u>	<u>\$ 8,491</u>
Depreciation and amortization	\$ 115	\$ 86	\$ 47	\$ 50	\$ (31)	\$ 267
Income tax provision	\$ 33	\$ 5	\$ 22	\$ 88	\$ 9	\$ 157
Capital expenditures	\$ 231	\$ 44	\$ 95	\$ 53	\$ (1)	\$ 422
Selected Operating Results Nine Months Ended December 31, 2018	North America	Europe	Asia	South America	Eliminations and Other	Total
Net sales-third party	\$ 3,448	\$ 2,430	\$ 1,591	\$ 1,577	\$ 196	\$ 9,242
Net sales-intersegment	1	87	33	23	(144)	—
Net sales	<u>\$ 3,449</u>	<u>\$ 2,517</u>	<u>\$ 1,624</u>	<u>\$ 1,600</u>	<u>\$ 52</u>	<u>\$ 9,242</u>
Depreciation and amortization	\$ 112	\$ 86	\$ 47	\$ 49	\$ (34)	\$ 260
Income tax provision	\$ 42	\$ 4	\$ 17	\$ 75	\$ 16	\$ 154
Capital expenditures	\$ 89	\$ 50	\$ 35	\$ 38	\$ (2)	\$ 210

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

The table below displays the reconciliation from “Net income attributable to our common shareholder” to segment income from reportable segments (in millions).

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Net income attributable to our common shareholder	\$ 107	\$ 78	\$ 357	\$ 331
Noncontrolling interest	—	—	—	—
Income tax provision	49	37	157	154
Depreciation and amortization	91	88	267	260
Interest expense and amortization of debt issuance costs	59	67	185	201
Adjustment to reconcile proportional consolidation	13	14	42	45
Unrealized (gains) losses on change in fair value of derivative instruments, net	(6)	6	(15)	9
Realized (gains) losses on derivative instruments not included in segment income	(1)	—	2	(1)
Restructuring and impairment, net	3	1	36	2
(Gain) loss on sale of fixed assets	1	2	(1)	4
Metal price lag	11	13	18	(21)
Business acquisition and other integration related costs	17	14	46	24
Other, net	(1)	2	(5)	3
Segment income from reporting segments	\$ 343	\$ 322	\$ 1,089	\$ 1,011

“Business acquisition and other integration related costs” are primarily legal and professional fees associated with our proposed acquisition of Aleris. The acquisition is subject to closing conditions and regulatory approvals.

“Adjustment to reconcile proportional consolidation” relates to depreciation, amortization and income taxes of our equity method investments. Income taxes related to our equity method investments are reflected in the carrying value of the investment and not in our consolidated “Income tax provision.”

“Realized (gains) losses on derivative instruments not included in segment income” represents foreign currency derivatives not related to operations.

“Other, net” is related primarily to losses on certain indirect tax expenses in Brazil and interest income.

The table below displays segment income from reportable segments by region (in millions).

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
North America	\$ 127	\$ 125	\$ 468	\$ 395
Europe	47	48	160	170
Asia	55	49	154	151
South America	116	100	309	295
Eliminations and other	(2)	—	(2)	—
Segment income from reporting segments	\$ 343	\$ 322	\$ 1,089	\$ 1,011

Information about Product Sales, Major Customers and Primary Supplier

Product Sales

The following table displays our Net sales by value stream (in millions).

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Can	\$ 1,536	\$ 1,636	\$ 4,714	\$ 4,976
Automotive	679	715	2,060	2,212
Specialty (and other)	500	658	1,717	2,054
Net sales	\$ 2,715	\$ 3,009	\$ 8,491	\$ 9,242

Major Customers

The following table displays net sales to customers representing 10% or more of our total "Net sales."

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Ball	24%	22%	23%	22%
Ford	10%	11%	10%	10%

Primary Supplier

Rio Tinto (RT) is our primary supplier of metal inputs, including prime and sheet ingot. The table below shows our purchases from RT as a percentage of our total combined metal purchases.

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Purchases from RT as a percentage of total combined metal purchases	12%	10%	11%	10%

19. SUBSEQUENT EVENTS

Debt

In January 2020, Novelis Corporation, an indirect wholly owned subsidiary of Novelis Inc., issued \$1.6 billion in aggregate principal amount of 4.75% Senior Notes due 2030 (the "2030 Senior Notes"). The proceeds were used to refinance all of Novelis Corporation's 6.25% Senior Notes due 2024 and the remainder is planned to be utilized to pay a portion of the consideration for the proposed acquisition of Aleris Corporation. If the proposed acquisition is not consummated, Novelis intends to use any remaining proceeds of the issuance for general corporate purposes. The 2030 Senior Notes are subject to semi-annual interest payments and mature on January 30, 2030. The 2030 Senior Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries.

On January 21, 2020, the commitments under the Term Loan Increase Joinder Amendment and the Short Term Credit Agreement expired. The lenders who had provided such commitments have provided new commitments for a new \$775 million secured incremental term loan and a new \$1.1 billion unsecured short term credit agreement. These commitments are subject to execution of definitive documentation.

On February 6, 2020, we entered into an amendment (the "Term Loan Amendment") to our term loan credit agreement, dated as of January 10, 2017, among Novelis Inc. and Novelis Acquisitions LLC, as borrowers, the guarantors party thereto, Standard Chartered Bank, as administrative agent and collateral agent, and the lenders party thereto (the "Term Loan"). The Term Loan Amendment modifies the Term Loan by amending certain terms to facilitate the closing of the previously announced proposed acquisition of Aleris Corporation.

Acquisition

In July 2018, we entered into an agreement to acquire Aleris Corporation, a global supplier of rolled aluminum products. The acquisition is subject to the receipt of customary regulatory and antitrust approvals, including those described below.

U.S. Antitrust

On September 4, 2019, the United States Department of Justice (DOJ) filed a lawsuit to block our acquisition of Aleris on the grounds that it would substantially lessen competition in the US automotive body sheet market. The DOJ contemporaneously announced an agreement with us to resolve the antitrust issues through binding arbitration. The agreement includes a timetable and process for resolving the DOJ's concerns and closing the acquisition prior to completing the arbitration. If we lose the arbitration, we will be required to divest Aleris' Lewisport, Kentucky manufacturing plant.

China Antitrust

On December 20, 2019, the State Administration for Market Regulation in China (SAMR) announced its approval of our proposed acquisition of Aleris, conditioned on the divestiture of Duffel. SAMR's approval of the transaction is also subject to its approval of the proposed buyer of Duffel, Liberty House Group.

CFIUS

On February 13, 2019, we received clearance from the United States Committee on Foreign Investment in the United States (CFIUS) in connection with our proposed acquisition of Aleris. CFIUS concluded that there are no unresolved national security issues with respect to the acquisition.

EU Antitrust

On October 1, 2019, the European Commission (EC) announced its approval of our proposed acquisition of Aleris, conditioned on the divestiture of Aleris' Duffel, Belgium manufacturing plant to a buyer to be approved by the EC. The EC is currently reviewing the proposed buyer of the plant, Liberty House Group, a UK-based industrial conglomerate.

Novelis Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Subsequent to the quarter ended December 31, 2019, the EC informed us on January 10, 2020 that it would require additional time to review the suitability of the proposed buyer of the Duffel plant and that its review would not be completed by the outside date under the merger agreement, which would allow either Novelis or Aleris to terminate the acquisition upon giving notice of termination to the other party.

We remain committed to completing the transaction and will continue to work with Aleris to consummate the acquisition. However, there can be no assurance that we will receive approval of the proposed buyer of the Duffel plant from the EC or otherwise consummate the acquisition at all. If the acquisition agreement is terminated, we may be required to pay a break fee of \$150 million, as provided in the acquisition agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

The following information should be read together with our unaudited condensed consolidated financial statements and accompanying notes included elsewhere in this Quarterly Report 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, particularly in "SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND MARKET DATA."

OVERVIEW AND REFERENCES

Novelis is the leading producer of flat-rolled aluminum products and the world's largest recycler of aluminum. Driven by our purpose to shape a sustainable world together, we work alongside our customers to provide innovative solutions to the beverage can, automotive and specialty markets (includes foil packaging, certain transportation products, architectural, industrial, and consumer durables). We have recycling operations in many of our plants to recycle both post-consumer aluminum and post-industrial aluminum. As of December 31, 2019, we had manufacturing operations in nine countries on four continents, which include 23 operating plants, and recycling operations in twelve of these plants.

In this Quarterly Report on Form 10-Q, unless otherwise specified, the terms "we," "our," "us," "Company," and "Novelis" refer to Novelis Inc., a company incorporated in Canada under the Canadian Business Corporations Act (CBCA) and its subsidiaries. References herein to "Hindalco" refer to Hindalco Industries Limited, our indirect parent company, which acquired Novelis in May 2007, through its indirect wholly-owned subsidiary, AV Metals Inc., our direct parent company.

As used in this Quarterly Report, consolidated "aluminum rolled product shipments" or "flat rolled product shipments" refers to aluminum rolled products shipments to third parties. Regional "aluminum rolled product shipments" or "flat rolled product shipments" refers to aluminum rolled products shipments to third parties and intersegment shipments to other Novelis regions. Shipment amounts also include tolling shipments. References to "total shipments" include aluminum rolled products as well as certain other non-rolled product shipments, primarily scrap, used beverage cans (UBC), ingot, billets and primary remelt. The term "aluminum rolled products" is synonymous with the terms "flat rolled products" and "FRP" commonly used by manufacturers and third party analysts in our industry. All tonnages are stated in metric tonnes. One metric tonne (mt) is equivalent to 2,204.6 pounds. One kilotonne (kt) is 1,000 metric tonnes.

References to our Form 10-K made throughout this document refer to our Form 10-K for the fiscal year ended March 31, 2019, filed with the United States Securities and Exchange Commission (SEC) on May 8, 2019.

HIGHLIGHTS

We reported "Net income attributable to our common shareholder" of \$107 million, an increase of 37% compared to \$78 million in the prior comparable period. We reported segment income of \$343 million, an increase of 7% compared to \$322 million in the prior comparable period. Operational performance was driven by portfolio optimization efforts, operating cost efficiencies, and favorable foreign exchange, partially offset by less favorable recycling benefits due to lower average LME aluminum prices. Further, these factors drove net cash provided by operating activities to \$464 million for the nine months ended December 31, 2019, an improvement of \$140 million over the comparable prior period.

BUSINESS AND INDUSTRY CLIMATE

Economic growth, material substitution, and sustainability, including environmental awareness around polyethylene terephthalate (PET) plastics, continue to drive increasing global demand for aluminum and rolled products. With the exception of China where can sheet overcapacity and strong competition remains, favorable market conditions and increasing customer preference for sustainable packaging options is driving higher demand for infinitely recyclable aluminum beverage cans and bottles. In fiscal 2019, we announced plans to expand rolling, casting and recycling capability in Pinda, Brazil to support this demand.

Meanwhile, the demand for aluminum in the automotive industry continues to grow, which drove the investments we made in our automotive sheet finishing capacity in North America, Europe and Asia in recent years, and is driving our additional investments in Guthrie, Kentucky (U.S.) and Changzhou, China. This demand has been primarily driven by the benefits that result from using lightweight aluminum in vehicle structures and components, as companies respond to stricter government emissions and fuel economy regulations, while maintaining or improving vehicle safety and performance, resulting in increased competition with high-strength steel. Further, we signed a definitive agreement to acquire Aleris, which would further diversify our global footprint and product portfolio. The acquisition is subject to the receipt of customary regulatory and antitrust approvals, as described in Note 19 - Subsequent Events.

Key Sales and Shipment Trends

(in millions, except percentages and shipments, which are in kt)	Three Months Ended				Fiscal Year Ended	Three Months Ended		
	June 30, 2018	Sept 30, 2018	Dec 31, 2018	March 31, 2019	March 31, 2019	June 30, 2019	Sept 30, 2019	Dec 31, 2019
Net sales	\$ 3,097	\$ 3,136	\$ 3,009	\$ 3,084	\$ 12,326	\$ 2,925	\$ 2,851	\$ 2,715
Percentage increase in net sales versus comparable previous year period	16 %	12 %	3 %	1%	8 %	(6)%	(9)%	(10)%
Rolled product shipments:								
North America	274	295	279	294	1,142	289	286	269
Europe	232	229	211	246	918	234	245	224
Asia	175	168	182	198	723	184	177	173
South America	126	126	142	143	537	139	141	146
Eliminations	(10)	(11)	(14)	(11)	(46)	(16)	(14)	(15)
Total	797	807	800	870	3,274	830	835	797

The following summarizes the percentage increase (decrease) in rolled product shipments versus the comparable previous year period:

North America	— %	8 %	4 %	8%	5 %	5 %	(3)%	(4)%
Europe	(1)%	(3)%	(5)%	4%	(1)%	1 %	7 %	6 %
Asia	(3)%	(7)%	3 %	14%	2 %	5 %	5 %	(5)%
South America	15 %	(4)%	(3)%	5%	3 %	10 %	12 %	3 %
Total	2 %	1 %	1 %	8%	3 %	4 %	3 %	— %

Business Model and Key Concepts

Conversion Business Model

A significant amount of our business is conducted under a conversion model, which allows us to pass through increases or decreases in the price of aluminum to our customers. Nearly all of our flat rolled products have a price structure with three components: (i) a base aluminum price quoted off the London Metal Exchange (LME); (ii) a local market premium; and (iii) a “conversion premium” to produce the rolled product which reflects, among other factors, the competitive market conditions for that product. Base aluminum prices are typically driven by macroeconomic factors and global supply and demand for aluminum. The local market premiums tend to vary based on the supply and demand for metal in a particular region and associated transportation costs.

In North America, Europe and South America, we pass through local market premiums to our customers which are recorded through "Net sales." In Asia we purchase our metal inputs based on the LME and incur a local market premium; however, many of our competitors in this region price their metal off the Shanghai Futures Exchange, which does not include a local market premium, making it difficult for us to fully pass through this component of our metal input cost to some of our customers.

LME Base Aluminum Prices and Local Market Premiums

The average (based on the simple average of the monthly averages) and closing prices for aluminum set on the LME are as follows:

	<u>Three Months Ended December 31,</u>		<u>Percent</u> <u>Change</u>	<u>Nine Months Ended December 31,</u>		<u>Percent</u> <u>Change</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
London Metal Exchange Prices						
Aluminum (per metric tonne, and presented in U.S. dollars):						
Closing cash price as of beginning of period	\$ 1,704	\$ 2,012	(15)%	\$ 1,900	\$ 1,997	(5)%
Average cash price during the period	\$ 1,754	\$ 1,968	(11)%	\$ 1,769	\$ 2,094	(16)%
Closing cash price as of end of period	\$ 1,800	\$ 1,870	(4)%	\$ 1,800	\$ 1,870	(4)%

The weighted average local market premium are as follows:

	<u>Three Months Ended December 31,</u>		<u>Percent</u> <u>Change</u>	<u>Nine Months Ended December 31,</u>		<u>Percent</u> <u>Change</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Weighted average Local Market Premium (per metric tonne, and presented in U.S. dollars)	\$ 191	\$ 248	(23)%	\$ 224	\$ 279	(20)%

Metal Price Lag and Related Hedging Activities

Increases or decreases in the price of aluminum based on the average LME base aluminum prices and local market premiums directly impact "Net sales," "Cost of goods sold (exclusive of depreciation and amortization)" and working capital. The timing of these impacts varies based on contractual arrangements with customers and metal suppliers in each region. These timing impacts are referred to as metal price lag. Metal price lag exists due to: (i) the period of time between the pricing of our purchases of metal, holding and processing the metal, and the pricing of the sale of finished inventory to our customers, and (ii) certain customer contracts containing fixed forward price commitments which result in exposure to changes in metal prices for the period of time between when our sales price fixes and the sale actually occurs.

We use LME aluminum forward contracts to preserve our conversion margins and manage the timing differences associated with the LME base metal component of "Net sales," and "Cost of goods sold (exclusive of depreciation and amortization)." These derivatives directly hedge the economic risk of future LME base metal price fluctuations to better match the purchase price of metal with the sales price of metal. The majority of our local market premium hedging occurs in North America depending on market conditions; however, exposure here is not fully hedged. In our Europe, Asia and South America regions, the derivative market for local market premiums is not robust or efficient enough for us to offset the impacts of LMP price movements beyond a small volume. As a consequence, volatility in local market premiums can have a significant impact on our results of operations and cash flows.

We elect to apply hedge accounting to better match the recognition of gains or losses on certain derivative instruments with the recognition of the underlying exposure being hedged in the statement of operations. For undesignated metal derivatives, there are timing differences between the recognition of unrealized gains or losses on the derivatives and the recognition of the underlying exposure in the statement of operations. The recognition of unrealized gains and losses on undesignated metal derivative positions typically precedes inventory cost recognition, customer delivery and revenue recognition. The timing difference between the recognition of unrealized gains and losses on undesignated metal derivatives and cost or revenue recognition impacts "Income before income taxes" and "Net income." Gains and losses on metal derivative contracts are not recognized in segment income until realized.

Foreign Currency and Related Hedging Activities

We operate a global business and conduct business in various currencies around the world. We have exposure to foreign currency risk as fluctuations in foreign exchange rates impact our operating results as we translate the operating results from various functional currencies into our U.S. dollar reporting currency at current average rates. We also record foreign exchange remeasurement gains and losses when business transactions are denominated in currencies other than the functional currency of that operation. Global economic uncertainty is contributing to higher levels of volatility among the currency pairs in which we conduct business. The following table presents the exchange rates as of the end of each period and the average of the month-end exchange rates:

	Exchange Rate as of		Average Exchange Rate Three Months Ended		Average Exchange Rate Nine Months Ended	
	December 31, 2019	March 31, 2019	December 31,		December 31,	
			2019	2018	2019	2018
U.S. dollar per euro	1.123	1.123	1.113	1.136	1.113	1.161
Brazilian real per U.S. dollar	4.031	3.897	4.086	3.819	4.005	3.825
South Korean won per U.S. dollar	1,158	1,138	1,169	1,127	1,179	1,111
Canadian dollar per U.S. dollar	1.297	1.336	1.313	1.336	1.323	1.311
Swiss franc per euro	1.087	1.118	1.096	1.132	1.047	1.146

Exchange rate movements have an impact on our operating results. In Europe, where we have predominantly local currency selling prices and operating costs, we benefit as the euro strengthens, but are adversely affected as the euro weakens. For our Swiss operations, where operating costs are incurred primarily in the Swiss franc and a large portion of revenues are denominated in the euro, we benefit as the Swiss franc weakens but are adversely affected as the franc strengthens. In South Korea, where we have local currency operating costs and U.S. dollar denominated selling prices for exports, we benefit as the South Korean won weakens but are adversely affected as the won strengthens. In Brazil, where we have predominately U.S. dollar selling prices and local currency manufacturing costs, we benefit as the Brazilian real weakens, but are adversely affected as the real strengthens. We use foreign exchange forward contracts and cross-currency swaps to manage our exposure arising from recorded assets and liabilities, firm commitments, and forecasted cash flows denominated in currencies other than the functional currency of certain operations, which include capital expenditures and net investment in foreign subsidiaries.

See *Segment Review* below for the impact of foreign currency on each of our segments.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2019 Compared to the Three Months Ended December 31, 2018

"Net sales" were \$2,715 million, a decrease of 10%, primarily due to an 11% decrease in average base aluminum prices.

"Cost of goods sold (exclusive of depreciation and amortization)" was \$2,239 million, a decrease of 13%, and was also attributable to decreases in average base aluminum prices. Total metal input costs included in "Cost of goods sold (exclusive of depreciation and amortization)" decreased \$296 million over the prior period.

"Income before income taxes" was \$156 million, compared to \$115 million in the prior period. This change is primarily a result of the factors noted above.

We recognized \$49 million of tax expense for the three months ended December 31, 2019, which resulted in an effective tax rate of 31%. This tax rate was primarily due to the results of operations and the unfavorable impact of the strengthening Brazilian real, offset by a \$4 million deferred tax benefit booked in accordance with Swiss Tax Reform. We recognized \$37 million of tax expense in the prior comparable period, which resulted in an effective tax rate of 33%. This tax rate was primarily due to the results of operations, including recording a valuation allowance for tax losses in jurisdictions where the company determined it more likely than not that the loss will not be utilized.

We reported "Net income attributable to our common shareholder" of \$107 million and \$78 million for the three months ended December 31, 2019 and 2018, respectively, primarily as a result of the factors discussed above.

Segment Review

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 regions and are organized under four operating segments: North America, Europe, Asia and South America.

The tables below illustrate selected segment financial information (in millions, except shipments which are in kt). For additional financial information related to our operating segments including the reconciliation of "Net income attributable to our common shareholder" to segment income, see Note 18 — Segment, Major Customer and Major Supplier Information. In order to reconcile the financial information for the segments shown in the tables below to the relevant U.S. GAAP-based measures, "Eliminations and other" must adjust for proportional consolidation of each line item for our Logan affiliate because we consolidate 100% of the Logan joint venture for U.S. GAAP, but we manage our Logan affiliate on a proportionately consolidated basis, and eliminate intersegment shipments (in kt).

Selected Operating Results Three Months Ended December 31, 2019	North America	Europe	Asia	South America	Eliminations and other	Total
Net sales	\$ 981	\$ 736	\$ 485	\$ 481	\$ 32	\$ 2,715
Shipments (in kt):						
Rolled products - third party	269	218	170	140	—	797
Rolled products - intersegment	—	6	3	6	(15)	—
Total rolled products	269	224	173	146	(15)	797
Non-rolled products	10	2	1	23	—	36
Total shipments	279	226	174	169	(15)	833

Selected Operating Results Three Months Ended December 31, 2018	North America	Europe	Asia	South America	Eliminations and other	Total
Net sales	\$ 1,116	\$ 786	\$ 549	\$ 554	\$ 4	\$ 3,009
Shipments (in kt):						
Rolled products - third party	279	206	176	139	—	800
Rolled products - intersegment	—	5	6	3	(14)	—
Total rolled products	279	211	182	142	(14)	800
Non-rolled products	—	12	2	—	—	14
Total shipments	279	223	184	142	(14)	814

The following table reconciles changes in segment income for the three months ended December 31, 2018 to the three months ended December 31, 2019 (in millions).

Changes in segment income	North America	Europe	Asia	South America	Eliminations and other (A)	Total
Segment income - Three Months Ended December 31, 2018	\$ 125	\$ 48	\$ 49	\$ 100	\$ —	\$ 322
Volume	(15)	16	(7)	5	(3)	(4)
Conversion premium and product mix	5	(9)	11	—	(2)	5
Conversion costs	10	(9)	3	(2)	6	8
Foreign exchange	2	—	1	3	—	6
Selling, general & administrative and research & development costs (B)	(3)	(1)	(2)	3	(3)	(6)
Other changes	3	2	—	7	—	12
Segment income - Three Months Ended December 31, 2019	\$ 127	\$ 47	\$ 55	\$ 116	\$ (2)	\$ 343

(A) The recognition of segment income by a region on an intersegment shipment could occur in a period prior to the recognition of segment income on a consolidated basis, depending on the timing of when the inventory is sold to the third party customer. The "Eliminations and other" column adjusts regional segment income for intersegment shipments that occur in a period prior to recognition of segment income on a consolidated basis. The "Eliminations and other" column also reflects adjustments for changes in regional volume, conversion premium and product mix, and conversion costs related to intersegment shipments for consolidation.

"Eliminations and other" must adjust for proportional consolidation of each line item for our Logan affiliate because we consolidate 100% of the Logan joint venture for U.S. GAAP, but we manage our Logan affiliate on a proportionately consolidated basis.

(B) "Selling, general & administrative and research & development costs" include costs incurred directly by each segment and all corporate related costs.

North America

"Net sales" decreased \$135 million, or 12%, driven by a decrease in average base aluminum prices along with a decrease in specialty shipments. Segment income was \$127 million, an increase of 2%, primarily due to favorable price and product mix and lower operating costs, partially offset by a decrease in specialty shipments.

Europe

"Net sales" decreased \$50 million, or 6%, primarily driven by a decrease in average base aluminum prices, partially offset by an increase in shipments. Segment income was \$47 million, a decrease of 2%, primarily due to unfavorable price and product mix and less favorable recycling benefits, partially offset by increased shipments.

Asia

"Net sales" decreased \$64 million, or 12%, primarily driven by a decrease in average base aluminum prices and lower specialty shipments. Segment income was \$55 million, an increase of 12%, primarily due to favorable price and product mix, partially offset by lower specialty shipments.

South America

"Net sales" decreased \$73 million, or 13%, primarily driven by a decrease in average base aluminum prices, partially offset by higher can shipments. Segment income was \$116 million, an increase of 16%, primarily due to increased shipments and tax recoveries.

Nine Months Ended December 31, 2019 Compared to the Nine Months Ended December 31, 2018

“Net sales” were \$8,491 million, a decrease of 8%, primarily due to a 16% decrease in average base aluminum prices partially offset by a 2% increase in flat rolled product shipments and favorable price and product mix.

“Cost of goods sold (exclusive of depreciation and amortization)” was \$7,001 million, a decrease of 10%, and was also due to decreases in average base aluminum prices and cost efficiencies. Total metal input costs included in “Cost of goods sold (exclusive of depreciation and amortization)” decreased \$757 million over the prior period.

Both “Net sales” and “Cost of goods sold (exclusive of depreciation and amortization)” are impacted by the timing of fluctuations in local market premiums and LME base aluminum prices which resulted in \$18 million of unfavorable metal price lag compared to \$21 million of favorable metal price lag in the prior period.

“Income before income taxes” was \$514 million, compared to \$485 million in the comparable period. In addition to the factors noted above, the following items affected “Income before income taxes:”

- “Business acquisition and other integration related costs” of \$46 million compared to \$24 million in the comparable period related primarily to professional fees associated with the further progressed, proposed Aleris acquisition;
- “Restructuring and impairment, net” of \$36 million primarily related to severance and impairments associated with the closure of certain non-core operations in Europe. See Note 3 — Restructuring and Impairment; and
- “Other (income) expense, net” of \$33 million compared to \$3 million in the comparable period. This change primarily related to a change in unrealized (gains) losses on change in fair value of derivative instruments, net period over period. See Note 15 — Other (Income) Expenses, Net.

We recognized \$157 million of tax expense for the nine months ended December 31, 2019, which resulted in an effective tax rate of 30%. This tax rate is primarily due to the results of operations, including changes in valuation allowances and unfavorable impact of the strengthening Brazilian real, offset by a deferred tax benefit of \$4 million in accordance with Swiss Tax Reform. We recognized \$154 million of tax expense in the prior comparable period which resulted in an effective tax rate of 32%. This tax rate is primarily due to results of operations, including recording a valuation allowance for tax losses in jurisdictions where the company has determined it is more likely than not that the loss will not be utilized.

We reported “Net income attributable to our common shareholder” of \$357 million and \$331 million for the nine months ended December 31, 2019 and 2018, respectively, primarily as a result of the factors discussed above.

Segment Review

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 regions and are organized under four operating segments: North America, Europe, Asia and South America.

The tables below illustrate selected segment financial information (in millions, except shipments which are in kt). For additional financial information related to our operating segments including the reconciliation of "Net income attributable to our common shareholder" to segment income, see Note 18 — Segment, Major Customer and Major Supplier Information. In order to reconcile the financial information for the segments shown in the tables below to the relevant U.S. GAAP-based measures, "Eliminations and other" must adjust for proportional consolidation of each line item for our Logan affiliate because we consolidate 100% of the Logan joint venture for U.S. GAAP, but we manage our Logan affiliate on a proportionately consolidated basis, and eliminate intersegment shipments (in kt).

Selected Operating Results Nine Months Ended December 31, 2019	North America	Europe	Asia	South America	Eliminations and other	Total
Net sales	\$ 3,167	\$ 2,342	\$ 1,480	\$ 1,430	\$ 72	\$ 8,491
Shipments						
Rolled products - third party	844	678	529	411	—	2,462
Rolled products - intersegment	—	25	5	15	(45)	—
Total rolled products	844	703	534	426	(45)	2,462
Non-rolled products	33	16	3	79	(12)	119
Total shipments	877	719	537	505	(57)	2,581

Selected Operating Results Nine Months Ended December 31, 2018	North America	Europe	Asia	South America	Eliminations and other	Total
Net sales	\$ 3,449	\$ 2,517	\$ 1,624	\$ 1,600	\$ 52	\$ 9,242
Shipments						
Rolled products - third party	848	656	514	386	—	2,404
Rolled products - intersegment	—	16	11	8	(35)	—
Total rolled products	848	672	525	394	(35)	2,404
Non-rolled products	2	19	5	67	—	93
Total shipments	850	691	530	461	(35)	2,497

The following table reconciles changes in segment income for the nine months ended December 31, 2018 to the nine months ended December 31, 2019 (in millions).

Changes in segment income	North America	Europe	Asia	South America	Eliminations and other (A)	Total
Segment income - Nine Months Ended December 31, 2018	\$ 395	\$ 170	\$ 151	\$ 295	\$ —	\$ 1,011
Volume	(6)	36	5	35	(16)	54
Conversion premium and product mix	47	(29)	15	9	—	42
Conversion costs	26	(8)	(9)	(51)	16	(26)
Foreign exchange	3	(7)	—	12	—	8
Selling, general & administrative and research & development costs (B)	(3)	(5)	(8)	2	(6)	(20)
Other changes	6	3	—	7	4	20
Segment income - Nine Months Ended December 31, 2019	<u>\$ 468</u>	<u>\$ 160</u>	<u>\$ 154</u>	<u>\$ 309</u>	<u>\$ (2)</u>	<u>\$ 1,089</u>

(A) The recognition of segment income by a region on an intersegment shipment could occur in a period prior to the recognition of segment income on a consolidated basis, depending on the timing of when the inventory is sold to the third party customer. The "Eliminations and other" column adjusts regional segment income for intersegment shipments that occur in a period prior to recognition of segment income on a consolidated basis. The "Eliminations and other" column also reflects adjustments for changes in regional volume, conversion premium and product mix, and conversion costs related to intersegment shipments for consolidation.

"Eliminations and other" must adjust for proportional consolidation of each line item for our Logan affiliate because we consolidate 100% of the Logan joint venture for U.S. GAAP, but we manage our Logan affiliate on a proportionately consolidated basis.

(B) "Selling, general & administrative and research & development costs" include costs incurred directly by each segment and all corporate related costs.

North America

"Net sales" decreased \$282 million, or 8%, driven by a decrease in average aluminum prices and lower specialty shipments, partially offset by increased can and automotive shipments. Segment income was \$468 million, an increase of 18%, primarily due to favorable price and product mix and operating costs.

Europe

"Net sales" decreased \$175 million, or 7%, driven by lower average aluminum prices partially offset by increased shipments. Segment income was \$160 million, a decrease of 6%, primarily due to unfavorable price and product mix, cost inflation, and unfavorable foreign exchange, partially offset by higher shipments.

Asia

"Net sales" decreased \$144 million, or 9%, driven by lower average aluminum prices and lower specialty shipments, partially offset by increased can shipments. Segment income was \$154 million, an increase of 2%, primarily driven by increased volume and favorable price and product mix, partially offset by less favorable recycling benefits.

South America

"Net sales" decreased \$170 million, or 11%, driven by lower average aluminum prices, partially offset by increased can shipments. Segment income was \$309 million, an increase of 5%, primarily due to higher volume, favorable price and product mix, favorable foreign exchange, and tax recoveries, partially offset by cost inflation and less favorable recycling benefits.

Liquidity and Capital Resources

Our primary liquidity sources are cash flows from operations, working capital management, cash and liquidity under our debt agreements. Our recent business investments are being funded through cash flows generated by our operations and a combination of local financing and our senior secured credit facilities. Most of our recent strategic expansion projects are operating close to full capacity and are generating additional operating cash flow. We expect to be able to fund our continued expansions, service our debt obligations, and provide sufficient liquidity to operate our business through one or more of the following: the generation of operating cash flows, working capital management, our existing debt facilities (including refinancing) and new debt issuances, as necessary.

Non-Guarantor Information

As of December 31, 2019, the Company's subsidiaries that are not guarantors represented the following approximate percentages of (a) "Net sales", (b) Adjusted EBITDA (segment income), and (c) "Total assets" of the Company, on a consolidated basis (including intercompany balances):

Item Description	Ratio
Net sales represented by Net sales to third parties by non-guarantor subsidiaries (for the nine months ended December 31, 2019)	21%
Adjusted EBITDA represented by non-guarantor subsidiaries (for the nine months ended December 31, 2019)	13%
Assets owned by non-guarantor subsidiaries (as of December 31, 2019)	16%

In addition, for the nine months ended December 31, 2019 and 2018, the Company's subsidiaries that are not guarantors had net sales of \$2.0 billion, respectively, and, as of December 31, 2019, those subsidiaries had assets of \$2.1 billion and debt and other liabilities of \$1.3 billion (including inter-company balances).

Available Liquidity

Our available liquidity as of December 31, 2019 and March 31, 2019 is as follows (in millions).

	December 31, 2019	March 31, 2019
Cash and cash equivalents	\$ 1,031	\$ 950
Availability under committed credit facilities (A)	838	897
Total available liquidity	<u>\$ 1,869</u>	<u>\$ 1,847</u>

(A) Our availability under committed credit facilities does not include the financing for Aleris.

The increase in total available liquidity is primarily related to free cash flow of \$61 million, partially offset by cash capital spending related to strategic investments and decreases in availability under committed credit facilities. See Note 8 — Debt for more details about our availability under committed credit facilities.

The "Cash and cash equivalents" balance above includes cash held in foreign countries in which we operate. As of December 31, 2019, we held \$5 million of "Cash and cash equivalents" in Canada, in which we are incorporated, with the rest held in other countries in which we operate. As of December 31, 2019, we held \$827 million of cash in jurisdictions for which we have asserted that earnings are permanently reinvested and we plan to continue to fund operations and local expansions with cash held in those jurisdictions. Cash held outside of Canada is free from significant restrictions that would prevent the cash from being accessed to meet the Company's liquidity needs including, if necessary, to fund operations and service debt obligations in Canada. Upon the repatriation of any earnings to Canada, in the form of dividends or otherwise, we could be subject to Canadian income taxes (subject to adjustment for foreign taxes paid and the utilization of the large cumulative net operating losses we have in Canada) and withholding taxes payable to the various foreign jurisdictions. As of December 31, 2019, we do not believe adverse tax consequences exist that restrict our use of "Cash or cash equivalents" in a material manner.

Free Cash Flow

Refer to Non-GAAP Financial Measures for our definition of free cash flow.

The following table displays the free cash flow, the change between periods, as well as the ending balances of cash and cash equivalents (in millions).

	Nine Months Ended December 31,		Change
	2019	2018	
Net cash provided by (used in) operating activities	\$ 464	\$ 324	\$ 140
Net cash provided by (used in) investing activities	(400)	(434)	34
Plus: Cash used in the acquisition of assets under a capital lease	—	239	(239)
Less: Proceeds from sales of assets and business, net of transaction fees, cash income taxes and hedging	(3)	(2)	(1)
Free cash flow	\$ 61	\$ 127	\$ (66)
Ending cash and cash equivalents	\$ 1,031	\$ 797	\$ 234

Operating Activities

The increase in "Net cash provided by operating activities" primarily relates to higher segment income primarily driven by increased shipments and favorable price and product mix. The net change in working capital was primarily driven by decreases in accounts payable along with lower quantities of inventory.

Investing Activities

"Net cash used in investing activities" was primarily attributable to increased cash capital spending related to strategic investments and previously announced capacity expansions in Guthrie, Kentucky, Changzhou, China, and Pinda, Brazil. The prior period included a \$239 million cash outflow related to the acquisition of real and personal property that we historically leased at our Sierre, Switzerland rolling facility.

Financing Activities

During the nine months ended December 31, 2019, we borrowed \$29 million of long term debt in China to fund capital expansion projects and \$50 million in short term borrowings in Brazil to fund certain short term commitments. We made principal repayments of \$14 million on our Term Loan Facility and \$2 million in finance leases and other repayments. The net cash outflow from our revolving credit facilities balance are primarily related to \$38 million in payments on our China short term credit facility. We incurred \$3 million in debt issuance costs.

During the nine months ended December 31, 2018 there were no issuances of long-term borrowings. We made principal repayments of \$77 million on Korean long-term debt, \$14 million on our Term Loan Facility, \$3 million on finance leases, and \$1 million of other repayments. The net cash proceeds from our credit facilities' balance is related to proceeds of \$92 million on our ABL Revolver and \$17 million on our China credit facilities. We incurred \$2 million in debt issuance costs.

OFF-BALANCE SHEET ARRANGEMENTS

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

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

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

Derivative Instruments

See Note 12 — Financial Instruments and Commodity Contracts to our accompanying unaudited condensed consolidated financial statements for a description of derivative instruments.

Guarantees of Indebtedness

We have issued guarantees on behalf of certain of our subsidiaries. The indebtedness guaranteed is for trade accounts payable to third parties and capital expenditures. Some of the guarantees have annual terms while others have no expiration and have termination notice requirements. Neither we nor any of our subsidiaries holds any assets of any third parties as collateral to offset the potential settlement of these guarantees. Since we consolidate wholly-owned and majority-owned subsidiaries in our condensed consolidated financial statements, all liabilities associated with trade payables and short-term debt facilities for these entities are already included in our condensed consolidated balance sheets.

Other Arrangements

Factoring of Trade Receivables

We factor trade receivables based on local cash needs, as well as attempting to balance the timing of cash flows of trade payables and receivables, fund strategic investments, and fund other business needs. Factored invoices are not included in our condensed consolidated balance sheets when we do not retain a financial or legal interest. If a financial or legal interest is retained, we classify these factorings as secured borrowings. However, no such financial or legal interests are currently retained.

Other

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as special purpose entities (SPEs), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of December 31, 2019 and March 31, 2019, we are not involved in any unconsolidated SPE transactions.

CONTRACTUAL OBLIGATIONS

We have future obligations under various contracts relating to debt and interest payments, capital and operating leases, long-term purchase obligations, postretirement benefit plans and uncertain tax positions. See Note 8 — Debt to our accompanying condensed consolidated financial statements and "Contractual Obligations" of the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Form 10-K for the fiscal year ended March 31, 2019 for more details.

RETURN OF CAPITAL

Payments to our shareholder are at the discretion of the board of directors and will depend on, among other things, our financial resources, cash flows generated by our business, our cash requirements, restrictions under the instruments governing our indebtedness, being in compliance with the appropriate indentures and covenants under the instruments that govern our indebtedness and other relevant factors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Except as otherwise disclosed in Note 1 — Business and Summary of Significant Accounting Policies related to the adoption of new accounting standards (including ASC 842 - Leases), there were no significant changes to our critical accounting policies and estimates as reported in our Form 10-K for the fiscal year ended March 31, 2019.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 1 — Business and Summary of Significant Accounting Policies to our accompanying condensed consolidated financial statements for a full description of recent accounting pronouncements including the respective expected dates of adoption and expected effects on results of operations and financial condition.

NON-GAAP FINANCIAL MEASURES

Total segment income presents the sum of the results of our four operating segments on a consolidated basis. We believe that total segment income is an operating performance measure that measures operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. In reviewing our corporate operating results, we also believe it is important to review the aggregate consolidated performance of all of our segments on the same basis we review the performance of each of our regions and to draw comparisons between periods based on the same measure of consolidated performance.

Management believes investors' understanding of our performance is enhanced by including this non-GAAP financial measure as a reasonable basis for comparing our ongoing results of operations. Many investors are interested in understanding the performance of our business by comparing our results from ongoing operations from one period to the next and would ordinarily add back items that are not part of normal day-to-day operations of our business. By providing total segment income, together with reconciliations, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing strategic initiatives.

However, total segment income is not a measurement of financial performance under U.S. GAAP, and our total segment income may not be comparable to similarly titled measures of other companies. Total segment income has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. For example, total segment income:

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

We also use total segment income:

- as a measure of operating performance to assist us in comparing our operating performance on a consistent basis because it removes the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budgets and financial projections;
- to evaluate the performance and effectiveness of our operational strategies; and
- as a basis to calculate incentive compensation payments for our key employees.

Total segment income is equivalent to our Adjusted EBITDA, which we refer to in our earnings announcements and other external presentations to analysts and investors. Please see Note 18 — Segment, Major Customer and Major Supplier Information for our definition of segment income.

Free cash flow consists of: (a) “net cash provided by (used in) operating activities,” (b) plus “net cash provided by (used in) investing activities” (c) plus cash used in the “Acquisition of assets under a capital lease”, and (d) less “proceeds from sales of assets and business, net of transaction fees, cash income taxes and hedging.” Management believes free cash flow is relevant to investors as it provides a measure of the cash generated internally that is available for debt service and other value creation opportunities. Management also uses free cash flow to measure the profitability and financial performance of our business. However, free cash flow does not necessarily represent cash available for discretionary activities, as certain debt service obligations must be funded out of free cash flow. Our method of calculating free cash flow may not be consistent with that of other companies.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND MARKET DATA

Statements made in this Quarterly Report on Form 10-Q which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," or similar expressions. Examples of forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, statements about our expectation that we will be able to fund our continued expansions, service our debt obligations and provide sufficient liquidity to operate our business. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and Novelis' actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: changes in the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use; the capacity and effectiveness of our hedging activities; relationships with, and financial and operating conditions of, our customers, suppliers and other stakeholders; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing including in connection with potential acquisitions and investments; risks relating to, and our ability to consummate, pending and future acquisitions, investments or divestitures, including the proposed acquisition of Aleris Corporation and related divestitures; changes in the relative values of various currencies and the effectiveness of our currency hedging activities; factors affecting our operations, such as litigation, environmental remediation and clean-up costs, breakdown of equipment and other events; economic, regulatory and political factors within the countries in which we operate or sell our products, including changes in duties or tariffs; competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials; changes in general economic conditions including deterioration in the global economy; changes in government regulations, particularly those affecting taxes, derivative instruments, environmental, health or safety compliance; changes in interest rates that have the effect of increasing the amounts we pay under our credit facilities and other financing agreements; and our ability to generate cash. The above list of factors is not exhaustive.

This document also contains information concerning our markets and products generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which these markets and product categories will develop. These assumptions have been derived from information currently available to us and to the third party industry analysts quoted herein. This information includes, but is not limited to, product shipments and share of production. Actual market results may differ from those predicted. We do not know what impact any of these differences may have on our business, our results of operations, financial condition, and cash flow. For a discussion of some of the specific factors that may cause Novelis' actual results or outcomes to differ materially from those projected in any forward-looking statements, refer to our Form 10-K for the fiscal year ended March 31, 2019 and see the following sections of the report: "Part I. Item 1A. Risk Factors," "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II. Item 7. Critical Accounting Policies and Estimates."

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in metal prices (primarily aluminum, copper and local market premiums), energy prices (electricity, natural gas and diesel fuel), foreign currency exchange rates and interest rates that could impact our results of operations and financial condition. We manage our exposure to these and other market risks through regular operating and financing activities and derivative financial instruments. We use derivative financial instruments as risk management tools only, and not for speculative purposes.

Commodity Price Risks

Metal

The following table presents the estimated potential effect on the fair values of these derivative instruments as of December 31, 2019, given a 10% change in prices (in millions).

	Change in Price	Change in Fair Value
Aluminum	10 %	\$ (73)
Copper	(10)%	\$ —

Energy

The following table presents the estimated potential effect on the fair values of these derivative instruments as of December 31, 2019, given a 10% decline in spot prices for energy contracts (in millions).

	Change in Price	Change in Fair Value
Electricity	(10)%	\$ (2)
Natural gas	(10)%	\$ (3)
Diesel fuel	(10)%	\$ (1)

Foreign Currency Exchange Risks

The following table presents the estimated potential effect on the fair values of these derivative instruments as of December 31, 2019, given a 10% change in rates (in millions).

	Change in Exchange Rate	Change in Fair Value
Currency measured against the U.S. dollar		
Brazilian real	(10)%	\$ (37)
Euro	10 %	\$ (16)
South Korean won	(10)%	\$ (47)
Canadian dollar	(10)%	\$ (4)
British pound	(10)%	\$ (17)
Swiss franc	(10)%	\$ (26)
Chinese yuan	10 %	\$ (7)

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, include controls and procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including the Principal Executive Officer and the Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met.

We have carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon such evaluation, management has concluded that the Company's disclosure controls and procedures were effective as of December 31, 2019.

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2019, we implemented a new system and modified our internal controls to facilitate the adoption of ASU 2016-02, *Leases (Topic 842)*. The adoption of this standard did not have a material impact to the condensed consolidated statement of operations or the condensed consolidated statement of cash flows. There have been no other changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to litigation incidental to our business from time to time. For additional information regarding litigation to which we are a party, see Note 17 — Commitments and Contingencies to our accompanying condensed consolidated financial statements.

Item 1A. Risk Factors

See "Risk Factors" in Part I, Item 1A in our Form 10-K for the fiscal year ended March 31, 2019. There have been no material changes from the risk factors described in our Form 10-K for the fiscal year ended March 31, 2019.

Item 5. Other Information

Election of Directors

On February 7, 2020, our sole shareholder elected Mr. Gary Michael Comerford, Dr. Thomas Martin Connelly, Jr., and Mr. Vikas Sehgal as directors of the Company to serve until the next regular meeting of shareholders.

Mr. Comerford, 69, is President and CEO of CMC Global, a consulting company specializing in international expansion. He also serves as Vice Chair of the Canada India Business Council and Chair of the Board of Trustees of Brock University.

Dr. Connelly, 67, is Chief Executive Officer of the American Chemical Society. He retired from DuPont as Executive Vice President and Chief Innovation Officer.

Mr. Sehgal, 45, is Executive Vice Chairman of Rothschild & Co. for the South & Southeast Asian region and also serves as its Global Partner and Head of the Automotive sector. Prior to joining Rothschild & Co. in 2011, Mr. Sehgal was a partner at Booz & Company.

Item 6. Exhibits**Exhibit
No.****Description**

2.1	Arrangement Agreement by and among Hindalco Industries Limited, AV Aluminum Inc. and Novelis Inc., dated as of February 10, 2007 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed on February 13, 2007)(File No. 001-32312))
2.2	Agreement and Plan of Merger, dated as of July 26, 2018, among Novelis Inc., Novelis Acquisitions LLC, Aleris Corporation and OCM Opportunities ALS Holdings L.P. (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed on July 26, 2018)(File No. 001-32312)
3.1	Restated Certificate and Articles of Amalgamation of Novelis Inc. (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q filed on November 10, 2010 (File No. 001-32312))
3.2	Certificate and Articles of Amalgamation of Novelis Inc., dated March 31, 2016 (incorporated by reference to Exhibit 3.2 to our Annual Report on Form 10-K filed on May 10, 2016 (File No. 001-32312))
3.3	Novelis Inc. Amended and Restated Bylaws, adopted as of July 24, 2008 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on July 25, 2008 (File No. 001-32312))
4.1	Indenture, dated as of January 16, 2020, between the Issuer, the Company, the subsidiary guarantors named on the signature pages thereto and Regions Bank, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on January 16, 2020 (File No. 001-32312))
10.1	Amendment No. 3 to Second Amended and Restated Credit Agreement, dated December 20, 2019, among Novelis Inc., as Canadian Borrower, Novelis Corporation, as a U.S. Borrower, the other U.S. Subsidiaries of Canadian Borrower party thereto as U.S. Borrowers, Novelis UK Ltd, as a U.K. Borrower, Novelis AG, as a Swiss Borrower, Novelis Deutschland GMBH, as a German Borrower, AV Metals Inc., the other Guarantors party thereto, the Third Party Security Provider, the Lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent, and U.S. Swingline Lender, Wells Fargo Bank, N.A. (London Branch), as European Swingline Lender and the Issuing Banks party thereto (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on December 20, 2019 (File No. 001-32312))
10.2	Amendment No. 3 to Credit Agreement and Amendment No. 2 to U.S. Security Agreement dated as of February 6, 2020, between Novelis Inc., as Borrower, AV Metals Inc., as Holdings, the Other Loan Parties thereto, the Third Party Security Provider, and Standard Chartered Bank as Administrative Agent for the Lenders
31.1	Section 302 Certification of Principal Executive Officer
31.2	Section 302 Certification of Principal Financial Officer
32.1	Section 906 Certification of Principal Executive Officer
32.2	Section 906 Certification of Principal Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

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

NOVELIS INC.

By:

/s/ Devinder Ahuja

Devinder Ahuja

Chief Financial Officer

(Principal Financial Officer and Authorized Officer)

By:

/s/ Stephanie Rauls

Stephanie Rauls

Vice President Finance and Controller

(Principal Accounting Officer)

Date: February 11, 2020

AMENDMENT NO. 3 TO CREDIT AGREEMENT
AND AMENDMENT NO. 2 TO U.S. SECURITY AGREEMENT

dated as of February 6, 2020,

between

NOVELIS INC.,
as Borrower,

AV METALS INC.,
as Holdings,

THE OTHER LOAN PARTIES PARTY HERETO,

THE THIRD PARTY SECURITY PROVIDER,

and

STANDARD CHARTERED BANK,
as Administrative Agent for the Lenders

This AMENDMENT NO. 3 TO CREDIT AGREEMENT AND AMENDMENT NO. 2 TO U.S. SECURITY AGREEMENT (this "Amendment"), dated as of February 6, 2020, is entered into between NOVELIS INC., a corporation amalgamated under the Canada Business Corporations Act and having its corporate office at Two Alliance Center, 3560 Lenox Road, Suite 2000, Atlanta, GA 30326, USA (the "Borrower"), AV METALS INC., a corporation formed under the Canada Business Corporations Act ("Holdings"), the other LOAN PARTIES (as defined in the Amended Credit Agreement referred to below), NOVELIS ITALIA S.P.A. (the "Third Party Security Provider"), and Standard Chartered Bank, being a company incorporated in England by Royal Charter, with reference number ZC18 and whose registered office is 1 Basinghall Avenue, London EC2V 5DD, as administrative agent (in such capacity, and together with its successors in such capacity, "Administrative Agent") and as collateral agent (in such capacity, and together with its successors in such capacity, "Collateral Agent") under the Amended Credit Agreement referred to below for the Lenders.

RECITALS

WHEREAS, Borrower, Holdings, the other Loan Parties, the Administrative Agent, the Collateral Agent and the Lenders from time to time party thereto entered into that certain Credit Agreement, dated as of January 10, 2017 (as amended by Amendment No. 1 to Credit Agreement, dated as of September 14, 2017, as further amended by Amendment No. 2 to Credit Agreement and Amendment to U.S. Security Agreement, dated as of November 20, 2018, as further amended by Increase Joinder Amendment to Credit Agreement, dated as of December 18, 2018, and as further as amended, supplemented, restated or otherwise modified prior to the date hereof, the "Existing Credit Agreement"; the Existing Credit Agreement, as amended by this Amendment, the "Amended Credit Agreement");

WHEREAS, the Third Party Security Provider has pledged certain assets to secure the Secured Obligations;

WHEREAS, the Designated Company has requested an amendment to the Existing Credit Agreement as herein set forth;

WHEREAS, the Designated Company, the Administrative Agent and the Required Lenders signatory to an acknowledgement and consent substantially in the form of Exhibit A attached hereto (each, an "Acknowledgment and Consent"), have agreed to amend the Existing Credit Agreement on the terms and subject to the conditions herein provided;

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and obligations herein set forth and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties and covenants herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Amended Credit Agreement.

Section 2. Amendments. Subject to the terms and conditions set forth herein, effective as of the Amendment Effective Date (as defined below):

(a) the Existing Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined) as set forth in the pages of the Amended Credit Agreement attached as Annex I hereto; and

(b) the definition of “Excluded Property” in Section 1.1(c) of that certain Security Agreement, dated as of January 13, 2017 (as amended by Amendment No. 2 to Credit Agreement and Amendment to U.S. Security Agreement, dated as of November 20, 2018), among the Borrower, the other pledgors party thereto and the Collateral Agent, is hereby amended by (1) deleting the “and” at the end of clause (j), (2) renaming clause (k) as clause (l), (3) adding, between clauses (j) and clause (l), the following clause as new clause (k): “(k) except as otherwise agreed by the Agents and the Required Lenders and the Agents have received an indemnity satisfactory to them, shares in any unlimited company or unlimited liability corporation at any time owned or otherwise held by any Pledgor, and”, and (4) deleting the proviso at the end of such definition and adding the following new proviso: “provided, however, that Excluded Property shall not include any Proceeds, substitutions or replacements of any Excluded Property referred to in clauses (a) through (l) (unless such Proceeds, substitutions or replacements would constitute Excluded Property referred to in clauses (a) through (l)).”.

Section 3. Conditions Precedent to Effectiveness of this Amendment. This Amendment shall become effective as of the first date (the “Amendment Effective Date”) on which each of the following conditions precedent shall have been satisfied, or duly waived by the Required Lenders:

(a) Certain Documents. The Administrative Agent shall have received each of the following, in form and substance satisfactory to the Administrative Agent and the Required Lenders:

(i) this Amendment, duly executed by each of the Loan Parties, the Third Party Security Provider, the Administrative Agent and the Collateral Agent;

(ii) Acknowledgments and Consents duly executed by the Required Lenders holding Loans on the Amendment Effective Date;

(iii) a certificate of the secretary or assistant secretary of the Designated Company dated the Amendment Effective Date, certifying (A) that attached thereto is a true and complete copy of its Organizational Documents, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of the Designated Company authorizing the execution, delivery and performance of, inter alia, this Amendment and that such resolutions, or any other document attached thereto, have not been modified, rescinded, amended or superseded and are in full force and effect, and (C) as to the incumbency and specimen signature of each

officer or other authorized signatory executing this Amendment (together with a certificate of another officer as to the incumbency and specimen signature of the secretary or assistant secretary executing the certificate in this clause (iii)); and

(iv) a good standing certificate (or such other customary functionally equivalent certificates or abstracts) of the Designated Company, as of a recent date prior to the Amendment Effective Date, from the applicable Governmental Authority of the Designated Company's jurisdiction of organization.

(b) Payment of Fees Costs and Expenses. The Administrative Agent shall have received all fees required to be paid, and all expenses (including the reasonable fees and expenses of legal counsels) for which invoices have been presented, on or before the Amendment Effective Date, in connection with this Amendment.

(c) Representations and Warranties. Each of the representations and warranties contained in Section 4 below shall be true and correct in all material respects (or, in the case of any representation or warranty that is qualified as to materiality, "Material Adverse Effect" or similar language, in all respects) on and as of the date hereof and the Administrative Agent shall have received a certificate of a Responsible Officer of the Designated Company, addressed to the Administrative Agent and dated as of the Amendment Effective Date, certifying the same.

(d) No Default or Event of Default. Before and after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing and the Administrative Agent shall have received a certificate of a Responsible Officer of the Designated Company, addressed to the Administrative Agent and dated as of the Amendment Effective Date, certifying the same.

Section 4. Representations and Warranties. Each Loan Party represents and warrants to the Administrative Agent and each Lender as follows:

(a) After giving effect to this Amendment, each of the representations and warranties in the Amended Credit Agreement or in any other Loan Document are true and correct in all material respects (or, in the case of any representation or warranty that is qualified as to materiality, "Material Adverse Effect" or similar language, in all respects) on and as of the date hereof as though made on and as of such date, except to the extent that any such representation or warranty expressly relates to an earlier date, in which case such representations and warranties are true and correct in all material respects (or, in the case of any representation or warranty that is qualified as to materiality, "Material Adverse Effect" or similar language, in all respects) as of such earlier date.

(b) The execution and delivery by the Designated Company, each other Loan Party and the Third Party Security Provider of this Amendment, and the performance of this Amendment and the Amended Credit Agreement by the Designated Company, each other Loan Party and the Third Party Security Provider, in each case have been duly authorized by all requisite organizational action on its part and will not violate any of its Organizational Documents.

(c) This Amendment has been duly executed and delivered by the Designated Company, each other Loan Party and the Third Party Security Provider, and each of this Amendment and the Amended Credit Agreement constitutes the Designated Company's, such

Loan Party's or such Third Party Security Provider's, as applicable, legal, valid and binding obligation, enforceable against it in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity.

(d) Before and after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing as of the date hereof.

Section 5. Continuing Effect; Liens and Guarantees.

(a) Each of the Loan Parties and the Third Party Security Provider hereby consents to this Amendment and the Amended Credit Agreement. Each of the Loan Parties and the Third Party Security Provider hereby acknowledges and agrees that all of its Secured Obligations, including all Liens and (in the case of the Loan Parties) Guarantees granted to the Secured Parties under the applicable Loan Documents, are ratified and reaffirmed and that such Liens and Guarantees shall continue in full force and effect on and after Amendment Effective Date to secure and support the Secured Obligations. Each of the Loan Parties hereby further ratifies and reaffirms the validity, enforceability and binding nature of the Secured Obligations.

(b) Holdings and each Subsidiary Guarantor hereby (i) acknowledges and agrees to the terms of this Amendment and the Amended Credit Agreement and (ii) confirms and agrees that, each of its Guarantee and any Foreign Guarantee is, and shall continue to be, in full force and effect, and shall apply to all Secured Obligations without defense, counterclaim or offset of any kind and each of its Guarantee and any such Foreign Guarantee is hereby ratified and confirmed in all respects. The Designated Company hereby confirms its liability for the Secured Obligations, without defense, counterclaim or offset of any kind.

(c) Holdings, the Designated Company, each other Loan Party and the Third Party Security Provider hereby ratifies and reaffirms the validity and enforceability (without defense, counterclaim or offset of any kind) of the Liens and security interests granted by it to the Collateral Agent for the benefit of the Secured Parties to secure any of the Secured Obligations by Holdings, the Designated Company, any other Loan Party and the Third Party Security Provider pursuant to the Loan Documents to which any of Holdings, the Designated Company, any other Loan Party or the Third Party Security Provider is a party and hereby confirms and agrees that notwithstanding the effectiveness of this Amendment, and except as expressly amended by this Amendment, each such Loan Document is, and shall continue to be, in full force and effect and each is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of this Amendment, each reference in the Loan Documents to the "Credit Agreement", "thereunder", "thereof" (and each reference in the Existing Credit Agreement to this "Agreement", "hereunder" or "hereof") or words of like import shall mean and be a reference to the Amended Credit Agreement.

(d) Without limiting the generality of this Section 5 or Section 6, (i) neither this Amendment, the Amended Credit Agreement, nor any other Loan Document entered into in connection herewith or therewith, shall extinguish the "Secured Obligations" (or any term of like import) as defined or referenced in each Security Agreement, or the "Secured Obligations" under and as defined in the Existing Credit Agreement (collectively, the "Loan Document Secured Obligations"), or discharge or release the priority of any Loan Document, and any security interest

previously granted pursuant to each Loan Document is hereby reaffirmed and each such security interest continues in effect and secures the Loan Document Secured Obligations, (ii) nothing contained herein, in the Amended Credit Agreement or any other Loan Document entered into in connection herewith or therewith shall be construed as a substitution or novation of all or any portion of the Loan Document Secured Obligations or instruments securing any of the foregoing, which shall remain in full force and effect and shall continue as obligations under the Amended Credit Agreement, and (iii) nothing implied in this Amendment, the Amended Credit Agreement or any other Loan Document entered into in connection herewith or therewith, or in any other document contemplated hereby or thereby shall be construed as a release or other discharge of any Loan Party or the Third Party Security Provider from any of its Loan Document Secured Obligations, it being understood that such obligations shall continue as obligations under the Amended Credit Agreement.

Section 6. Reference to and Effect on the Loan Documents.

(a) Except as expressly set forth in this Amendment, all of the terms and provisions of the Existing Credit Agreement and the other Loan Documents (including all exhibits and schedules to each of the Existing Credit Agreement and the other Loan Documents) are and shall remain in full force and effect and are hereby ratified and confirmed. The Amendments provided for herein and in the annexes and exhibits hereto are limited to the specific provisions of the Existing Credit Agreement specified herein and therein and shall not constitute an amendment of, or an indication of the Administrative Agent's or any Lender's willingness to amend or waive, any other provisions of the Existing Credit Agreement, any other provisions of the Existing Credit Agreement as amended hereby or thereby, or the same sections or any provision of any other Loan Document for any other date or purpose.

(b) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Administrative Agent, the Collateral Agent, or any Lender under the Existing Credit Agreement or any Loan Document, or constitute a waiver or amendment of any other provision of the Existing Credit Agreement or any Loan Document except as and to the extent expressly set forth herein.

(c) The execution and delivery of this Amendment by any Loan Party or Third Party Security Provider shall not constitute a joinder by, or agreement to be bound by the terms of, any Loan Document to which such Loan Party or Third Party Security Provider is not a party.

(d) This Amendment shall constitute a Loan Document.

Section 7. Further Assurances. The Designated Company, each other Loan Party and the Third Party Security Provider hereby agrees to execute any and all further documents, agreements and instruments and take all further actions that the Administrative Agent deems reasonably necessary or advisable in connection with this Amendment, including to continue and maintain the effectiveness of the Liens and guarantees provided for under the Loan Documents, with the priority contemplated under the Loan Documents. The Administrative Agent and the Collateral Agent are hereby authorized by the Lenders to enter into all such further documents, agreements and

instruments, and to file all financing statements deemed by the Administrative Agent to be reasonably necessary or advisable in connection with this Amendment.

Section 8. Counterparts. This Amendment and each Acknowledgement and Consent may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Receipt by the Administrative Agent of a facsimile copy or electronic image scan transmission (e.g., PDF via electronic email) of an executed signature page hereof or of an Acknowledgement and Consent, as applicable, shall constitute receipt by the Administrative Agent of an executed counterpart of this Amendment or such Acknowledgement and Consent, as applicable.

Section 9. Governing Law. This Amendment and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the law of the State of New York, without regard to conflicts of law principles that would require the application of the laws of another jurisdiction.

Section 10. Headings. Section headings contained in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purposes.

Section 11. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE REQUIREMENTS OF LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AMENDMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers and members thereunto duly authorized, on the date first indicated above.

NOVELIS INC., as the Designated Company

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Vice President and Treasurer

AV METALS INC., as Holdings

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Authorized Signatory

NOVELIS CORPORATION, as a U.S. Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Assistant Treasurer

NOVELIS GLOBAL EMPLOYMENT
ORGANIZATION, INC., as a U.S. Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Treasurer

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

NOVELIS SOUTH AMERICA HOLDINGS LLC,
as a U.S. Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Treasurer

NOVELIS ACQUISITIONS LLC,
as a U.S. Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Treasurer

NOVELIS HOLDINGS INC., as a U.S. Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Treasurer

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

NOVELIS UK LTD, as a U.K. Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Attorney

NOVELIS EUROPE HOLDINGS LIMITED,
as a U.K. Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Attorney

NOVELIS SERVICES LIMITED,
as a U.K. Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Attorney

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

NOVELIS AG, as a Swiss Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Authorized Signatory

NOVELIS SWITZERLAND SA,
as a Swiss Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

4260848 CANADA INC., as a Canadian Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Authorized Signatory

4260856 CANADA INC., as a Canadian Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Authorized Signatory

8018227 CANADA INC., as a Canadian Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

SIGNED AND DELIVERED AS A DEED
for and on behalf of NOVELIS ALUMINIUM
HOLDING UNLIMITED COMPANY
by its lawfully appointed attorney,
as Irish Guarantor
in the presence of:

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Attorney

witness:

By: /s/ Shannon Curran
Name: Shannon Curran
Title: Sr. Legal Manager

Address: 3560 Lenox Road, Suite 2000
Atlanta, Georgia 30326

Occupation: Paralegal

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

NOVELIS DEUTSCHLAND GMBH,
as a German Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Person Authorized

NOVELIS SHEET INGOT GMBH,
as a German Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Person Authorized

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

NOVELIS DO BRASIL LTDA.,
as Brazilian Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Attorney-in-Fact

witness:

By: /s/ Shannon Curran
Name: Shannon Curran
Title: GA DL 054162208

witness:

By: /s/ Michael Shelby
Name: Michael Shelby
Title: 057369578 GA License

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

NOVELIS PAE S.A.S., as French Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Attorney-in-Fact

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

NOVELIS MEA LTD, a Company Limited by
Shares under the Companies Law of the Dubai
International Financial Centre,
as Dubai Guarantor

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

NOVELIS ITALIA S.P.A., as Third Party Security
Provider

By: /s/ Randal P. Miller
Name: Randal P. Miller
Title: Attorney

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

STANDARD CHARTERED BANK, as
Administrative Agent and as Collateral
Agent

By: /s/ Timothy Watts
Name: Timothy Watts
Title: Transaction Manager
Standard Chartered Bank

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO CREDIT AGREEMENT]

EXHIBIT A

Form of
Acknowledgment and Consent

_____, 2020

To: Standard Chartered Bank, as Administrative Agent
1 Basinghall Avenue, 6th floor
London, England
EC2V 5DD
Attention: Asset Servicing Manager

Re: Novelis Inc. Acknowledgement and Consent to Amendment No. 3 to Credit Agreement

Ladies and Gentlemen:

Reference is hereby made to (i) the Credit Agreement, dated as of January 10, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among, inter alios, Novelis Inc., certain affiliates and subsidiaries of Novelis Inc., the several banks and other financial institutions or entities party thereto as lenders, and Standard Chartered Bank, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent"), and (ii) Amendment No. 3 to Credit Agreement and Amendment No. 2 to U.S. Security Agreement (the "Amendment") among, inter alios, Novelis Inc., certain affiliates and subsidiaries of Novelis Inc., the Administrative Agent and the Collateral Agent, in the form distributed to the Lenders. Capitalized terms used but not defined herein having the meaning assigned to such terms in the Amendment.

CONSENT TO EFFECTIVENESS OF THE AMENDMENT. By signing below, the undersigned, in its capacity as a Lender under the Credit Agreement hereby acknowledges and consents in such capacities to, and agrees to the terms of, the Amendment and hereby irrevocably authorizes Standard Chartered Bank, in its capacity as Administrative Agent, to execute the Amendment on behalf of the undersigned, including with respect to all of its Loans and other interests under the Loan Documents.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned has duly executed this Acknowledgment and Consent as of the date first written above.

(Name of Institution), as a Lender

By: _____
Name:
Title:

[If a second signature is necessary:

By: _____
Name:
Title:]

Annex I
Amended Credit Agreement
See attached

Annex I to ~~Aleris Increase Joinder~~ Amendment No. 3

CREDIT AGREEMENT

dated as of January 10, 2017,
as amended by Amendment No. 1,
dated as of September 14, 2017, and
as further amended by Amendment No. 2,
dated as of November 20, 2018,
as further amended by Increase Joinder Amendment,
dated as of December 18, 2018,
as further amended by Amendment No. 3,
dated as of February 6, 2020

among

NOVELIS INC.,
as Borrower,

AV METALS INC.,
as Holdings,

and

THE OTHER GUARANTORS PARTY HERETO,

THE LENDERS PARTY HERETO, and

STANDARD CHARTERED BANK,
as Administrative Agent and Collateral Agent.

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED,
AXIS BANK LIMITED,
BANK OF BARODA,
BARCLAYS BANK PLC,
CITIGROUP GLOBAL MARKETS ASIA LIMITED,
ICICI BANK LIMITED,
ING BANK N.V., SINGAPORE BRANCH,
KOTAK MAHINDRA BANK LIMITED,
STANDARD CHARTERED BANK,
STATE BANK OF INDIA, and
MUFG BANK, LTD. (FORMERLY THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.),
as Mandated Lead Arrangers and Bookrunners.

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS	2
Section 1.01 Defined Terms	2
Section 1.02 Classification of Loans and Borrowings.....	109 116
Section 1.03 Terms Generally; Currency Translation	109 116
Section 1.04 Accounting Terms; GAAP.....	110 117
Section 1.05 Resolution of Drafting Ambiguities.....	112 119
Section 1.06 Pro Forma Calculations.....	112 119
Section 1.07 Calculation of Reference Bank Rate and Cost of Funds.....	112 119
Section 1.08 Role of Reference Banks	113 120
Section 1.09 Confidentiality of Funding Rates and Funding Bank Quotations.....	113 120
Section 1.10 Amendments to Permitted Customer Account Financing Definition.....	115 123
Section 1.11 Divisions.....	116 123
ARTICLE II THE CREDITS.....	116 123
Section 2.01 Commitments.....	116 123
Section 2.02 Loans.....	117 124
Section 2.03 Borrowing Procedure.....	118 125
Section 2.04 Repayment of Loans; Evidence of Debt	119 127
Section 2.05 Fees	120 127
Section 2.06 Interest on Loans.....	120 128
Section 2.07 Termination and Reduction of Commitments.....	121 129
Section 2.08 Interest Elections.....	122 129
Section 2.09 Amortization of Term Loan Borrowings	124 131
Section 2.10 Optional and Mandatory Prepayments of Loans	124 132
Section 2.11 Alternate Rate of Interest	130 137
Section 2.12 Yield Protection; Change in Law Generally.....	130 137
Section 2.13 Breakage Payments.....	133 140
Section 2.14 Payments Generally; Pro Rata Treatment; Sharing of Setoffs.....	133 140
Section 2.15 Taxes.....	136 143
Section 2.16 Mitigation Obligations; Replacement of Lenders.....	146 153
Section 2.17 [INTENTIONALLY OMITTED]	147 155
Section 2.18 [INTENTIONALLY OMITTED]	147 155
Section 2.19 Interest Act (Canada); Criminal Rate of Interest; Nominal Rate of Interest.....	147 155
Section 2.20 [INTENTIONALLY OMITTED]	148 156
Section 2.21 [INTENTIONALLY OMITTED]	149 156
Section 2.22 Cashless Roll over of Term Loans.....	149 156

Section 2.23	Incremental Term Loan Commitments.....	149156
Section 2.24	Refinancing Amendments.....	153160
ARTICLE III REPRESENTATIONS AND WARRANTIES.....		154161
Section 3.01	Organization; Powers.....	154161
Section 3.02	Authorization; Enforceability	154161
Section 3.03	No Conflicts.....	154162
Section 3.04	Financial Statements; Projections.....	155162
Section 3.05	Properties.....	156163
Section 3.06	Intellectual Property.....	156164
Section 3.07	Equity Interests and Subsidiaries.....	157165
Section 3.08	Litigation; Compliance with Laws.....	158166
Section 3.09	Agreements.....	159166
Section 3.10	Federal Reserve Regulations.....	159166
Section 3.11	Investment Company Act	159167
Section 3.12	Use of Proceeds.....	159167
Section 3.13	Taxes.....	160167
Section 3.14	No Material Misstatements.....	160168
Section 3.15	Labor Matters.....	160168
Section 3.16	Solvency.....	161168
Section 3.17	Employee Benefit Plans.....	161169
Section 3.18	Environmental Matters.....	162169
Section 3.19	Insurance.....	164171
Section 3.20	Security Documents.....	164171
Section 3.21	Material Indebtedness Documents.....	168176
Section 3.22	Anti-Terrorism Law	169176
Section 3.23	Location of Material Inventory and Equipment.....	171178
Section 3.24	Senior Notes; Material Indebtedness	171178
Section 3.25	Centre of Main Interests and Establishments.....	171179
Section 3.26	Holding and Dormant Companies	172179
Section 3.27	Excluded Collateral Subsidiaries.....	172179
Section 3.28	EEA Financial Institutions.....	172179
Section 3.29	Federal Power Act; Etc.....	172180
Section 3.30	Beneficial Ownership Certification	172180
Section 3.31	No Fiscal Unity	172180
ARTICLE IV CONDITIONS TO CREDIT EXTENSIONS.....		172180
Section 4.01	Conditions to the Effective Date.....	172180
Section 4.02	Conditions to Initial Credit Extension on the Closing Date	176183
Section 4.03	Conditions to Credit Extensions	181189
Section 4.04	Conditions to Aleris Incremental Term Loans.....	182190
ARTICLE V AFFIRMATIVE COVENANTS.....		182190
Section 5.01	Financial Statements, Reports, etc.	183190
Section 5.02	Litigation and Other Notices.....	186194

Section 5.03	Existence; Businesses and Properties	187195
Section 5.04	Insurance.....	188195
Section 5.05	Taxes.....	189197
Section 5.06	Employee Benefits.....	190198
Section 5.07	Maintaining Records; Access to Properties and Inspections; Annual Meetings.....	191199
Section 5.08	Use of Proceeds.....	191199
Section 5.09	Compliance with Environmental Laws; Environmental Reports	191199
Section 5.10	[INTENTIONALLY OMITTED].....	192200
Section 5.11	Additional Collateral; Additional Guarantors.....	192200
Section 5.12	Security Interests; Further Assurances.....	196205
Section 5.13	Information Regarding Collateral	197205
Section 5.14	Affirmative Covenants with Respect to Leases.....	198206
Section 5.15	Post-Closing Covenants; Covenants in Respect of Hedging Agreements Following the Aleris Acquisition Closing Date	198206
Section 5.16	Designation of Subsidiaries	199207
ARTICLE VI NEGATIVE COVENANTS.....		200208
Section 6.01	Indebtedness.....	200208
Section 6.02	Liens.....	208216
Section 6.03	Sale and Leaseback Transactions.....	213221
Section 6.04	Investments, Loan and Advances	213222
Section 6.05	Mergers, Amalgamations and Consolidations.....	219228
Section 6.06	Asset Sales.....	220229
Section 6.07	Cash Pooling Arrangements	225235
Section 6.08	Dividends.....	226235
Section 6.09	Transactions with Affiliates.....	229239
Section 6.10	Most Favored Nation.	230240
Section 6.11	Prepayments of Other Indebtedness; Modifications of Organizational Documents and Other Documents, etc.	231241
Section 6.12	Limitation on Certain Restrictions on Restricted Subsidiaries.....	233244
Section 6.13	Issuance of Disqualified Capital Stock	235245
Section 6.14	Senior Secured Net Leverage Ratio.....	235245
Section 6.15	Business	235245
Section 6.16	Limitation on Accounting Changes	236246
Section 6.17	Fiscal Year	236246
Section 6.18	Margin Rules.....	236246
Section 6.19	No Further Negative Pledge.....	236246
Section 6.20	Anti-Terrorism Law; Anti-Money Laundering.....	237247
Section 6.21	Embargoed Persons.....	237248
ARTICLE VII GUARANTEE.....		237248
Section 7.01	The Guarantee.....	237248
Section 7.02	Obligations Unconditional	239249
Section 7.03	Reinstatement.....	240251
Section 7.04	Subrogation; Subordination	240251

Section 7.05 Remedies.....	241 251
Section 7.06 Instrument for the Payment of Money	241 251
Section 7.07 Continuing Guarantee.....	241 252
Section 7.08 General Limitation on Guarantee Obligations.....	241 252
Section 7.09 Release of Guarantors.....	241 252
Section 7.10 Certain Tax Matters	242 252
Section 7.11 German Guarantor	242 253
Section 7.12 Swiss Guarantors	245 256
Section 7.13 Irish Guarantor	246 257
Section 7.14 Brazilian Guarantor.....	246 257
Section 7.15 French Guarantor	246 257
Section 7.16 Belgian Guarantor.....	247 258
Section 7.17 Keepwell	247 258
ARTICLE VIII EVENTS OF DEFAULT	248 258
Section 8.01 Events of Default	248 258
Section 8.02 Rescission	251 262
Section 8.03 Application of Proceeds.....	252 262
Section 8.04 Designated Company’s Right to Cure	253 264
ARTICLE IX [INTENTIONALLY OMITTED].....	254 265
ARTICLE X THE ADMINISTRATIVE AGENT AND THE COLLATERAL AGENT	254 265
Section 10.01 Appointment and Authority	254 265
Section 10.02 Rights as a Lender.....	254 265
Section 10.03 Exculpatory Provisions.....	255 265
Section 10.04 Reliance by the Administrative Agent	257 267
Section 10.05 Delegation of Duties.....	257 268
Section 10.06 Resignation of Agent	257 268
Section 10.07 Non-Reliance on Agent and Other Lenders.....	259 269
Section 10.08 No Other Duties, etc	259 270
Section 10.09 Administrative Agent May File Proofs of Claim.....	259 270
Section 10.10 Concerning the Collateral and the Related Loan Documents.....	260 270
Section 10.11 Release.....	260 271
Section 10.12 Acknowledgment of Security Trust Deed.....	260 271
Section 10.13 Secured Hedging Agreements.....	260 271
ARTICLE XI MISCELLANEOUS.....	260 271
Section 11.01 Notices	260 271
Section 11.02 Waivers; Cumulative Remedies; Amendment.....	265 276
Section 11.03 Expenses; Indemnity; Damage Waiver	272 283
Section 11.04 Successors and Assigns.....	274 285
Section 11.05 Survival of Agreement	281 292
Section 11.06 Counterparts; Integration; Effectiveness.....	282 293

Section 11.07 Severability	282293
Section 11.08 Right of Setoff.....	282293
SECTION 11.09 GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS	283293
SECTION 11.10 WAIVER OF JURY TRIAL	284295
Section 11.11 Headings	284295
Section 11.12 Treatment of Certain Information; Confidentiality.....	284295
Section 11.13 USA PATRIOT Act Notice.....	285296
Section 11.14 Interest Rate Limitation	286296
Section 11.15 Singapore Personal Data Protection Act.....	286297
Section 11.16 Obligations Absolute	286297
Section 11.17 Intercreditor Agreement.....	287298
Section 11.18 Judgment Currency	287298
Section 11.19 Enforcement.....	288299
Section 11.20 No Advisory or Fiduciary Responsibility	288299
Section 11.21 Abstract Acknowledgment of Indebtedness and Joint Creditorship.....	289300
Section 11.22 Special Appointment of Collateral Agent for German Security	290301
Section 11.23 Special Appointment of Collateral Agent in Relation to South Korea.....	291302
Section 11.24 Special Appointment of Collateral Agent in Relation to France.....	292303
Section 11.25 Swiss Tax Ruling	293304
Section 11.26 Designation of Collateral Agent under Civil Code of Quebec.....	293304
Section 11.27 Maximum Liability	293304
Section 11.28 NO ORAL AGREEMENT	294305
Section 11.29 Collateral Matters.....	294305
Section 11.30 Electronic Execution of Assignments and Certain other Documents	295306
Section 11.31 Payments Set Aside.....	295306
Section 11.32 Acknowledgement and Consent to Bail-In of EEAAffected Financial Institutions.....	295307
Section 11.33 Lender Consents and Acknowledgements.....	296307
Section 11.34 Termination.....	298309
Section 11.35 Lender Authorizations	298309
Section 11.36 Dutch Parallel Debt in Relation to the Dutch Security Agreements	298310
Section 11.37 Special Appointment of Collateral Agent in Relation to Belgium	299311
Section 11.38 Lender Exculpation.....	300311
Section 11.39 Acknowledgement Regarding Any Supported QFCs.....	311

ANNEXES

Annex I	Amortization Table
Annex II	Aleris Incremental Term Loan Amortization Table

SCHEDULES

Schedule 1.01(a)	Term Loan Commitments
Schedule 1.01(b)	Subsidiary Guarantors
Schedule 1.01(c)	Excluded Collateral Subsidiaries
Schedule 1.01(d)	Existing Secured Hedge Providers
Schedule 1.01(e)	Administrative Agent's Office
Schedule 3.06(c)	Violations or Proceedings
Schedule 3.17	Pension Matters
Schedule 3.19	Insurance
Schedule 3.21	Material Documents
Schedule 3.24	Location of Material Inventory
Schedule 4.02(g)	Local and Foreign Counsel
Schedule 5.11(b)	Certain Subsidiaries
Schedule 5.15	Post-Closing Covenants
Schedule 5.15-1	Title Insurance Amounts
Schedule 6.01(b)	Existing Indebtedness
Schedule 6.02(c)	Existing Liens
Schedule 6.04(b)	Existing Investments

EXHIBITS

Exhibit A	Form of Administrative Questionnaire
Exhibit B	Form of Assignment and Assumption
Exhibit C	Form of Borrowing Request
Exhibit D	Form of Compliance Certificate
Exhibit E	Form of Interest Election Request
Exhibit F	Form of Joinder Agreement
Exhibit G	Form of Landlord Access Agreement
Exhibit H-1	Form of U.S. Tax Compliance Certificate
Exhibit H-2	Form of U.S. Tax Compliance Certificate
Exhibit H-3	Form of U.S. Tax Compliance Certificate
Exhibit H-4	Form of U.S. Tax Compliance Certificate
Exhibit I	[Intentionally Omitted]
Exhibit J	Form of Mortgage
Exhibit K	Form of Term Loan Note
Exhibit L-1	Form of Perfection Certificate
Exhibit L-2	Form of Perfection Certificate Supplement
Exhibit M	[Intentionally Omitted]
Exhibit N	[Intentionally Omitted]
Exhibit O	Form of Solvency Certificate
Exhibit P	Form of Intercompany Note
Exhibit Q	Form of Secured Hedge Provider Joinder

CREDIT AGREEMENT

This CREDIT AGREEMENT (as amended as of September 14, 2017, as of November 20, 2018, as of December 18, 2018, [as of February 6, 2020](#), and as further amended, restated, amended and restated, supplemented or modified, the “Agreement”), dated as of January 10, 2017, is among NOVELIS INC., a corporation amalgamated under the Canada Business Corporations Act and having its corporate office at Two Alliance Center, 3560 Lenox Road, Suite 2000, Atlanta, GA 30326, USA, as borrower (in such capacity, and together with its successors in such capacity, the “Borrower”), AV METALS INC., a corporation formed under the Canada Business Corporations Act and having its corporate office at Two Alliance Center, 3560 Lenox Road, Suite 2000, Atlanta, GA 30326, USA, the Subsidiary Guarantors (such term and each other capitalized term used but not defined herein having the meaning given to it in [Article I](#)), the Lenders, and Standard Chartered Bank, being a company incorporated in England by Royal Charter, with reference number ZC18 and whose registered office is 1 Basinghall Avenue, London EC2V 5DD, as administrative agent (in such capacity, and together with its successors in such capacity, “Administrative Agent”) for the Lenders and as collateral agent (in such capacity, and together with its successors in such capacity, “Collateral Agent”) for the Lenders.

WITNESSETH:

WHEREAS, the Borrower has requested that the Lenders extend credit in the form of Term Loans on the Closing Date in an aggregate principal amount not in excess of \$1,800,000,000.

WHEREAS, the proceeds of the Term Loans are to be used in accordance with [Section 3.12](#).

WHEREAS, the Designated Company has requested that the Aleris Incremental Term Lenders extend credit in the form of Aleris Incremental Term Loans on the Aleris Incremental Funding Date, in an aggregate principal amount not in excess of \$775,000,000.

WHEREAS, the proceeds of the Aleris Incremental Term Loans are to be used in accordance with [Section 3.12](#).

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

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms. As used in this Agreement (including the preamble), the following terms shall have the meanings specified below:

“Account Debtor” shall mean “Account Debtor,” as such term is defined in the UCC.

“Accounts” shall mean all “accounts,” as such term is defined in the UCC, in which any Loan Party or any of its Restricted Subsidiaries now or hereafter has rights.

“Acquisition” shall mean any transaction or series of related transactions for the direct or indirect (a) acquisition of all or substantially all of the property and assets or business of any Person, or of any business unit, line of business or division of any Person or assets constituting a business unit, line of business or division of any other Person (other than a Person that is a Restricted Subsidiary on the Closing Date), (b) acquisition of in excess of 50% of the Equity Interests of any Person or otherwise causing a person to become a Restricted Subsidiary of the acquiring Person (other than in connection with the formation or creation of a Restricted Subsidiary of the Designated Company by any Company), or (c) merger, consolidation or amalgamation, whereby a person becomes a Restricted Subsidiary of the acquiring person, or any other consolidation with any Person, whereby a Person becomes a Restricted Subsidiary of the acquiring Person.

“Acquisition Consideration” shall mean the purchase consideration for any Acquisition, whether paid in cash, properties, any assumption of Indebtedness or otherwise (other than by the issuance of Qualified Capital Stock of Holdings (and, after the Specified AV Minerals Joinder Date, AV Minerals) permitted to be issued hereunder) and whether payable at or prior to the consummation of such Acquisition or deferred for payment at any future time, whether or not any such future payment is subject to the occurrence of any contingency, and includes any and all payments representing “earn-outs” and other agreements to make any payment the amount of which is, or the terms of payment of which are, in any respect subject to or contingent upon the revenues, income, cash flow or profits (or the like) of any person or business; provided that any such future payment that is subject to a contingency shall be considered Acquisition Consideration only to the extent of the reserve, if any, required under US GAAP at the time of such sale to be established in respect thereof by Holdings (and, after the Specified AV Minerals Joinder Date, AV Minerals), the Designated Company or any of its Restricted Subsidiaries.

“Additional Fee Letter” shall mean any fee letter designated as such in any Increase Joinder.

“Additional Lender” shall mean, at any time, any financial institution that is an Eligible Assignee and that agrees to provide any portion of any (a) Incremental Term Loans pursuant to an Increase Joinder in accordance with Section 2.23, or (b) Credit Agreement Refinancing Indebtedness pursuant to a Refinancing Amendment in accordance with Section 2.24.

“Additional Senior Secured Indebtedness” shall mean any Indebtedness incurred in reliance of Section 6.01(u).

“Additional Senior Secured Indebtedness Documents” shall mean all documents executed and delivered with respect to the Additional Senior Secured Indebtedness or delivered in connection therewith.

“Administrative Agent” shall have the meaning assigned to such term in the preamble hereto and includes each other person appointed as the successor pursuant to ARTICLE X.

“**Administrative Agent’s Office**” shall mean the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 1.01(e), or such other address or account as the Administrative Agent may from time to time notify to the Designated Company and the Lenders.

“Administrative Questionnaire” shall mean an Administrative Questionnaire in substantially the form of Exhibit A, or any other form approved by the Administrative Agent.

“Affected Financial Institution” shall mean (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified; provided, however, that, for purposes of Section 6.09, the term “Affiliate” shall also include (i) any person that directly or indirectly owns more than 10% of the voting power of the total outstanding Voting Stock of the person specified or (ii) any person that is an executive officer or director of the person specified.

“Agent Fee Letter” shall mean the fee letter among the Borrower, Novelis Acquisitions and the Administrative Agent, dated the Aleris Increase Joinder Effective Date.

“Agents” shall mean the Administrative Agent and the Collateral Agent; and “Agent” shall mean any of them.

“Agreed Guarantee and Security Principles” shall mean the following principles that embody a recognition by all parties to this Agreement that there may be certain legal and practical limitations on the scope and enforceability of guarantees and security from the Guarantors in certain jurisdictions outside of the United States and Canada that become parties to this agreement after the Second Amendment Effective Date. In particular:

(a) general statutory limitations, capital maintenance, financial assistance, corporate benefit, fraudulent preference, “thin capitalization” rules, regulatory restrictions and similar principles may require that the guarantee and/or security be limited by an amount or otherwise. If any such limit applies, the guarantees and security provided may be limited to the maximum amount which the relevant Guarantor may provide having regard to applicable law under the jurisdiction of organization of such Guarantor; and

(b) to the extent required to comply with applicable law, guarantees and security may be limited to mitigate a risk to the directors or officers of the relevant grantor of such guarantee and security of contravention of any statutory duty in such capacity or their fiduciary duties and/or which could reasonably be expected to result in personal, civil or criminal liability on the part of any such director or officer.

“Agreement” shall have the meaning assigned to such term in the preamble hereto.

“Agreement Termination Date” shall mean the date that is seven Business Days after the Effective Date.

“Aleris” shall mean Aleris Corporation, a Delaware corporation.

“Aleris Acquisition” shall mean the acquisition by Novelis Acquisitions of Aleris pursuant to the terms of the Aleris Merger Agreement, the repayment of certain Indebtedness of Aleris and its subsidiaries in connection with the Aleris Acquisition, and the payment of all fees, costs and expenses in connection with the foregoing.

“Aleris Acquisition Closing Date” shall mean the date that the Aleris Acquisition is consummated in accordance with the terms of the Aleris Merger Agreement.

“Aleris Belgium” shall mean Aleris Aluminum Duffel BVBA (or, if converted or recharacterized prior to the Aleris Acquisition Closing Date, Aleris Aluminum Duffel BV), and including any sales offices thereof.

“Aleris Casthouse” shall mean Aleris Casthouse Germany GmbH, a company with limited liability organized under the laws of Germany, registered with the commercial register (Handelsregister) of the local court (Amtsgericht) of Koblenz with registration number HRB 1064.

“Aleris Fee Letter” shall mean the fee letter between the Borrower and the Aleris Incremental Term Lenders, dated November 1, 2018.

“Aleris German GP Holdco” shall mean Aleris Deutschland Vierte Verwaltungs GmbH.

“Aleris German Non-Wholly Owned Subsidiaries” shall mean Aleris Deutschland Vier GmbH & Co. KG, Aleris Rolled Products, Aleris Casthouse and, at any time that it constitutes a Restricted Subsidiary, Aleris German GP Holdco.

“Aleris Germany” shall mean Aleris Deutschland Holding GmbH.

“Aleris Gross-Up Cap” shall have the meaning assigned to such term in Section 2.15(l)(ii).

“Aleris Increase Joinder Amendment” shall mean the Increase Joinder Amendment to Credit Agreement, dated as of December 18, 2018, among Novelis Acquisitions, the Borrower, Holdings, the other Loan Parties party thereto, the Third Party Security Provider, the Aleris Incremental Term Lenders, the Administrative Agent and the Collateral ~~Agent~~.

~~“Aleris Incremental Commitment Termination Date” shall mean the first to occur of (i) 5:00 p.m., New York City time, on February 28, 2020, (ii) April 26, 2019, as such date may be extended pursuant to Section 9.2(a) of the Aleris Merger Agreement (without giving effect to any amendments to the Aleris Merger Agreement), (iii) delivery to the Administrative Agent of written notice of termination by the Designated Company of all of the January 21, 2020. The Aleris Incremental Term Loan Commitments, (iv) the date that the Aleris Merger Agreement is terminated in accordance with its terms, or pursuant to an amendment or modification thereof, in each case, prior to the consummation of the Aleris Acquisition, and (v) the consummation of the Aleris Acquisition without the use of any Aleris Incremental Term Loans. Commitment Termination Date has occurred.~~

“Aleris Increase Joinder Effective Date” shall have the meaning assigned to the term “Amendment Effective Date” in the Aleris Increase Joinder Amendment.

“Aleris Incremental Funding Date” shall have the meaning assigned to such term in the Aleris Increase Joinder Amendment.

“Aleris Incremental Hold Level” shall mean, with respect to each Aleris Incremental Term Lender, the Dollar amount set forth opposite the name of such Aleris Incremental Term Lender on Schedule 1 to the Aleris Increase Joinder Amendment under the heading “Aleris Incremental Hold Level.”

“Aleris Incremental Maturity Date” shall mean the date that is five years after the Aleris Incremental Funding Date.

“Aleris Incremental Term Loans” shall mean the Term Loans extended by the Aleris Incremental Term Lenders on the Aleris Incremental Funding Date.

“Aleris Incremental Term Loan Commitment” shall mean, with respect to each Aleris Incremental Term Lender, the commitment, if any, of such Lender to make Aleris Incremental Term Loans under the Aleris Increase Joinder Amendment, up to the amount set forth on Schedule 1 to the Aleris Increase Joinder Amendment under the heading “Aleris Incremental Term Loan Commitment.” The aggregate amount of the Aleris Incremental Term Lenders’ Aleris Incremental Term Loan Commitments on the ~~Aleris Increase Joinder~~ Third Amendment Effective Date is ~~\$775,000,000~~ zero.

“Aleris Incremental Term Loan Repayment Date” shall have the meaning assigned to such term in Section 2.09.

“Aleris Incremental Term Lenders” shall mean (a) each financial institution listed on Schedule 1 to the Aleris Increase Joinder Amendment under the heading “Aleris Incremental Term Lender” and (b) any financial institution that acquires an interest in an Aleris Incremental Term Loan pursuant to an Assignment and Assumption, other than, in each case, any such financial institution that has ceased to hold any Aleris Incremental Term Loans.

“Aleris Italy” shall mean Aleris Aluminum Italy Srl, and including any sales offices thereof.

“Aleris Hedging Collateral Requirements” shall have the meaning assigned to such term in Section 5.15(e).

“Aleris Merger Agreement” means that certain Agreement and Plan of Merger, dated as of July 26, 2018, among the Borrower, Novelis Acquisitions, Aleris, and OCM Opportunities ALS Holdings, L.P., a Delaware limited partnership, as amended, modified or supplemented, together with any consent or waiver with respect thereto, but only to the extent that such amendment, modification, amendment, consent or waiver is not materially adverse to the Lenders or the Agents in their capacities as such, it being understood that (i) any modification, amendment, consent or waiver to the definition of “Material Adverse Effect” in the Aleris Merger Agreement, or which

has the effect of modifying, amending or waiving the representation or condition as to the absence of a Material Adverse Effect (as defined in the Aleris Merger Agreement as of the Second Amendment Effective Date) shall be deemed to be materially adverse to the Lenders and the Agents, (ii) any decrease in the purchase price payable under the Aleris Merger Agreement shall not be deemed to be materially adverse to the Lenders or the Agents, so long as such decrease does not exceed 10% of the consideration contemplated to be paid under the Aleris Merger Agreement as of July 26, 2018, and (iii) any increase in the purchase price contemplated to be paid under the Aleris Merger Agreement shall not be deemed to be materially adverse to the Lenders or the Agents, so long as such increase is funded by additional common equity contributions to Specified Holders that directly or indirectly own Equity Interests in the Designated Company and its Restricted Subsidiaries immediately prior to such contribution or by cash on hand or borrowings under the Revolving Credit Agreement; provided, that adjustments to working capital and earn-out payments in accordance with the terms of the Aleris Merger Agreement shall not constitute an increase or decrease in purchase price for purposes of this definition.

“Aleris Rolled Products” shall mean Aleris Rolled Products Germany GmbH, a company with limited liability organized under the laws of Germany, registered with the commercial register (Handelsregister) of the local court (Amtsgericht) of Koblenz with registration number HRB 4239.

“Aleris Syndication Termination Date” shall mean the earlier to occur of (a) the first date to occur after the Aleris Incremental Funding Date on which the Aleris Incremental Term Lenders each hold Aleris Incremental Term Loans that are, in each case, no greater than their respective Aleris Incremental Hold Levels (excluding any portion of the Aleris Incremental Term Loans that exceed the applicable Aleris Incremental Hold Level of any Lender if and to the extent that such Aleris Incremental Term Lender elects to retain such portion in its sole discretion) and (b) the date that is 90 days after the Aleris Incremental Funding Date.

“Alternative Currency” shall mean each of (x) the lawful currency of Canada, (y) Euros, and (z) the lawful currency of the United Kingdom.

“Annual Credit” shall mean the cumulative amount of (x) \$1,100,000,000 plus (y) \$250,000,000 for each fiscal year of the Designated Company commencing after the Closing Date (beginning with the fiscal year commencing April 1, 2017) minus (z) in each case from and after the Closing Date until the applicable time of determination, (and taking into all transactions being consummated concurrently with the transaction then being measured), (i) the cumulative amount of all Investments made pursuant to Section 6.04(r)(iii), (ii) the cumulative amount of all Dividends made pursuant to Section 6.08(d)(ii) and (iii) the cumulative amount of all payments and redemptions of Indebtedness made pursuant to Section 6.11(a)(i)(z)(2).

“Anti-Corruption Laws” shall have the meaning assigned to such term in Section 3.22.

“Anti-Terrorism Laws” shall have the meaning assigned to such term in Section 3.22.

“Applicable Margin” shall mean (a) in the case of the Initial Term Loans, for any day, 1.85% per annum, (b) in the case of the Aleris Incremental Term Loans, for any day, 1.75% per annum, and (c) in the case of Incremental Term Loans (other than the Aleris Incremental Term Loans), the margin specified in the applicable Increase Joinder.

“Approved Fund” shall mean any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Approved Member State” shall mean Belgium, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Spain, Sweden and the United Kingdom.

“Asset Sale” shall mean (a) any conveyance, sale, lease, sublease, assignment, transfer or other disposition (including by way of merger or consolidation and including any Sale and Leaseback Transaction) of any property, excluding sales of Inventory, dispositions of cash and Cash Equivalents and settlements under Hedging Agreements, in each such excluded case, which are in the ordinary course of business, by Holdings (and, on and after the Specified AV Minerals Joinder Date, AV Minerals) or any of its Restricted Subsidiaries, or (b) any issuance of any Equity Interests of any Restricted Subsidiary of Holdings.

“Asset Swap” shall mean the substantially concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and cash or Cash Equivalents between any Company and another person; provided that any cash or Cash Equivalents received must be applied in accordance with Section 2.10(c).

“Assignee Group” shall mean two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” shall mean an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.04(b)), and delivered to the Administrative Agent, in substantially the form of Exhibit B, or any other form (including electronic documentation generated by use of an electronic platform) approved by the Administrative Agent.

“Attributable Indebtedness” shall mean, when used with respect to any Sale and Leaseback Transaction, as at the time of determination, the present value (discounted at the rate implicit in the lease) of the total obligations of the lessee for rental payments during the remaining term of the lease included in any such Sale and Leaseback Transaction.

“**Auditor’s Determination**” shall have the meaning assigned to such term in Section 7.11(b).

“AV Metals” shall mean AV Metals Inc., a corporation formed under the Canada Business Corporations Act.

“AV Minerals” shall mean AV Minerals (Netherlands) N.V., a company organized under the laws of the Netherlands.

“Available Amount” shall have the meaning assigned to such term in Section 7.12(a).

“Bail-In Action” shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA-Resolution Authority in respect of any liability of an EEA Affected Financial Institution.

“Bail-In Legislation” shall mean: (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Belgian Guarantor” shall mean each Restricted Subsidiary of the Designated Company organized under the laws of Belgium that becomes a Guarantor pursuant to the terms hereof.

“Belgian Hold Separate Business” means the Equity Interests in, and businesses of, Aleris Belgium and Aleris Italy (and certain assets of Aleris (Shanghai) Trading Co. Ltd. that are directly related to the business of Aleris Belgium and/or Aleris Italy) that are subject to the Belgian Purchase Documents.

“Belgian Purchase Documents” shall mean, collectively, (i) (x) that certain Sale & Purchase Agreement, dated November 22, 2019, among Aleris Aluminum Netherlands B.V., a corporation incorporated under the laws of the Netherlands, Novelis Europe Holdings Limited, a company incorporated under the laws of the United Kingdom, and Liberty House Group Pte. Ltd, a company incorporated under the laws of Singapore, pursuant to which Aleris Aluminum Netherlands B.V. and Novelis Europe Holdings Limited agreed to sell or cause its Subsidiaries to sell 100% of the Equity Interests in Aleris Belgium and, indirectly, 100% of the Equity Interests in Aleris Italy, (y) the purchase agreement or agreements to be entered into after the Aleris Acquisition Closing Date pursuant to which Novelis Inc. and/or any of its Subsidiaries will agree to sell or cause its Subsidiaries to sell certain assets of Aleris (Shanghai) Trading Co. Ltd. that are directly related to the business of Aleris Belgium and/or Aleris Italy, and (z) the agreements and

documents entered into in connection with the documents described in clauses (x) and (y) above, or (ii) solely to the extent that the sale of the Belgian Hold Separate Business does not occur pursuant to the terms of the documents described in clause (i)(x) above and such documents are terminated, the purchase agreement (and the agreements and documents entered into in connection therewith) negotiated and entered into after the Aleris Acquisition Closing Date by Novelis Inc. and/or any of its Subsidiaries, or the European Commission or any trustee appointed on the European Commission's behalf, on the one hand, and a prospective buyer of Aleris Belgium and Aleris Italy, on the other hand, pursuant to which Novelis Inc. and/or any of its Subsidiaries will agree to sell or cause its Subsidiaries to sell 100% of the Equity Interests in Aleris Belgium and, indirectly, 100% of the Equity Interests in Aleris Italy, and, if applicable, certain assets of Aleris (Shanghai) Trading Co. Ltd. that are directly related to the business of Aleris Belgium and/or Aleris Italy.

“Belgian Security Agreements” shall mean, collectively (i) any Security Agreements, including all subparts thereto, among any Belgian Guarantors (and such other Persons as may be party thereto) and the Collateral Agent for the benefit of the Secured Parties, (ii) each pledge agreement, mortgage, security agreement, guarantee or other agreement that is entered into by any Belgian Guarantor or any Person who is the holder of Equity Interests in any Belgian Guarantor in favor of the Collateral Agent and/or the Revolving Credit Collateral Agent in its capacity as agent for the Secured Parties pursuant to the terms of the Intercreditor Agreement and the other Loan Documents, and (iii) any other pledge agreement, mortgage, security agreement or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of Belgium, securing the Secured Obligations, and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“Beneficially Own,” “Beneficial Owner” and “Beneficial Ownership” shall each have the meaning assigned to such term in Rules 13d-3 and 13d-5 under the Exchange Act.

“Beneficial Ownership Certification” shall mean a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” shall mean 31 C.F.R. § 1010.230.

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States.

“Board of Directors” shall mean, with respect to any person, (i) in the case of any corporation, the board of directors of such person, (ii) in the case of any limited liability company, the board of managers (or the functional equivalent) of such person, (iii) in the case of any limited partnership, the Board of Directors of the general partner of such person and (iv) in any other case, the functional equivalent of the foregoing.

“Borrower” shall have the meaning assigned to such term in the preamble hereto or, following the Permitted Holdings Amalgamation, Successor Borrower.

“Borrowing” shall mean Loans to a Co-Borrower of the same Class and Type, made, converted or continued on the same date and, in the case of Eurodollar Rate Loans or Fallback Rate Loans, as applicable, as to which a single Interest Period is in effect.

“Borrowing Base” shall mean, as of any date, an amount equal to: (1) 85% of the book value of all accounts receivable owned by the Loan Parties as of the end of the most recent fiscal month for which consolidated financial statements are available; plus (2) the lesser of (x) 75% of the book value of inventory owned by the Loan Parties as of the end of the most recent fiscal month for which consolidated financial statements are available and (y) 85% of the “net recovery cost percentage” multiplied by the book value of inventory owned by the Loan Parties as of the end of the most recent fiscal month for which consolidated financial statements are available. Notwithstanding the foregoing, the Borrowing Base shall be adjusted to give pro forma effect to any Acquisitions or Asset Sales by the Designated Company and/or any Restricted Subsidiary since the end of the most recent fiscal month for which consolidated financial statements are available, as if such Acquisition or Asset Sale had occurred on the last day of the end of the most recent fiscal month, with such adjustment to be effective upon consummation of any such Acquisition or Asset Sale.

“Borrowing Request” shall mean a request by a Co-Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit C, or such other form as shall be approved by the Administrative Agent.

“Brazilian Guarantor” shall mean each Restricted Subsidiary of the Designated Company organized in Brazil party hereto as a Guarantor, and each other Restricted Subsidiary of the Designated Company organized in Brazil that becomes a Guarantor pursuant to the terms hereof.

“Brazilian Security Agreements” shall mean, collectively, (i) any Security Agreements, including all sub-parts thereto, among any Brazilian Guarantors (and such other Persons as may be party thereto) and the Collateral Agent for the benefit of the Secured Parties, (ii) each pledge agreement, mortgage, security agreement, guarantee or other agreement that is entered into by any Brazilian Guarantor or any Person who is the holder of Equity Interests in any Brazilian Guarantor in favor of the Collateral Agent and/or the Revolving Credit Collateral Agent in its capacity as agent for the Secured Parties pursuant to the terms of the Intercreditor Agreement and the other Loan Documents, and (iii) any other pledge agreement, mortgage, security agreement or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of Brazil, securing the Secured Obligations, and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“Business Day” shall mean any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, New York

City or London, and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a London Banking Day and, solely for purposes of determining whether a day is a day on which a Loan can be advanced, Singapore.

“Calculation Date” shall have the meaning assigned to such term in the definition of “Senior Secured Net Leverage Ratio”.

“Canadian Guarantor” shall mean [AV Metals Inc., Successor Holdings \(solely to the extent that it is organized in Canada\)](#), Borrower, and each Restricted Subsidiary of Holdings organized in Canada party hereto as a Guarantor, and each other Restricted Subsidiary of the Designated Company organized in Canada that becomes a Guarantor pursuant to the terms hereof.

“Canadian Loan Parties” shall mean Borrower and the Canadian Guarantors.

“Canadian Security Agreement” shall mean, collectively (i) the Security Agreements, including all sub-parts thereto, among the Canadian Loan Parties (and such other Persons as may be party thereto) and the Collateral Agent for the benefit of the Secured Parties, (ii) each pledge agreement, mortgage, deed of hypothec, debenture, bond, security agreement, guarantee or other agreement that is entered into by any Canadian Loan Party or any Person who is the holder of Equity Interests in any Canadian Loan Party in favor of the Collateral Agent and/or the Revolving Credit Collateral Agent in its capacity as agent for the Secured Parties pursuant to the terms of the Intercreditor Agreement and the other Loan Documents, and (iii) any other pledge agreement, mortgage, security agreement or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of Canada (or any province thereof), securing the Secured Obligations, and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“Cancellation” shall mean the cancellation, termination and forgiveness by the applicable Co-Borrowers of all Loans, Commitments and related Obligations acquired in connection with a Discounted Purchase, which cancellation shall be consummated as described in [Section 11.04\(b\)\(iv\)\(C\)](#) and the definition of “Eligible Assignee”.

“Capital Assets” shall mean, with respect to any person, all equipment, fixed assets and Real Property or improvements of such person, or replacements or substitutions therefor or additions thereto, that, in accordance with US GAAP, have been or should be reflected as additions to property, plant or equipment on the balance sheet of such person.

“Capital Expenditures” shall mean, for any period, without duplication, all expenditures made directly or indirectly by the Designated Company and its Restricted Subsidiaries during such period for Capital Assets (whether paid in cash or other consideration, financed by the incurrence

of Indebtedness or accrued as a liability), together with the applicable Company's proportionate share of such amounts for Norf GmbH for such period.

"Capital Lease Obligations" of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under US GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with US GAAP. It is understood that with respect to the accounting for leases as either operating leases or capital leases and the impact of such accounting on the definitions and covenants herein, US GAAP as in effect on the Closing Date shall be applied.

"Cash Equivalents" shall mean, as to any person, (a) securities issued or fully guaranteed or insured by the federal government of the United States, Canada, Switzerland, any Approved Member State or any agency of the foregoing, (b) marketable direct obligations issued by Canada or any province thereof, any state of the United States or the District of Columbia or any political subdivision, government-sponsored entity or instrumentality thereof that, at the time of the acquisition, are rated at least "A-2" by S&P, "P-2" by Moody's or in the "R-2" category by the Dominion Bond Rating Service Limited, (c) certificates of deposit, Eurocurrency time deposits, overnight bank deposits and bankers' acceptances of any commercial bank or trust company organized under the laws of Canada or any province thereof, the United States, any state thereof, the District of Columbia, any non-U.S. bank, or its branches or agencies (fully protected against currency fluctuations) that, at the time of acquisition, is rated at least "A-2" by S&P, "P-2" by Moody's or in the "R-2" category by the Dominion Bond Rating Service Limited, (d) commercial paper of an issuer rated at least "A-2" by S&P, "P-2" by Moody's or in the "R-2" category by the Dominion Bond Rating Service Limited, and (e) shares of any money market fund that (i) has at least 95% of its assets invested continuously in the types of investments referred to in clauses (a), (b) and (c) above, (ii) has net assets, the Dollar Equivalent of which exceeds \$500,000,000 and (iii) is rated at least "A-2" by S&P, "P-2" by Moody's or in the "R-2" category by the Dominion Bond Rating Service Limited; provided, however, that the maturities of all obligations of the type specified in clauses (a), (b) and (c) above shall not exceed 365 days; provided, further, that, to the extent any cash is generated through operations in a jurisdiction outside of the United States, Canada, Switzerland or an Approved Member State, such cash may be retained and invested in obligations of the type described in clause (a), (c) or (d) applicable to such jurisdiction to the extent that such obligations are customarily used in such other jurisdiction for short term cash management purposes.

"Cash Interest Expense" shall mean, for any period, Consolidated Interest Expense for such period, less the sum of (a) interest on any debt paid by the increase in the principal amount of such debt including by issuance of additional debt of such kind, (b) items described in clause (c) of the definition of "Consolidated Interest Expense" and (c) gross interest income of the Designated Company and its Restricted Subsidiaries for such period.

“Cash Pooling Arrangements” shall mean (i) the DB Cash Pooling Arrangement and the Novelis AG Cash Pooling Agreement and (ii) any other cash pooling arrangements (including all documentation pertaining thereto) entered into by any Company in accordance with Section 6.07.

“Casualty Event” shall mean any involuntary loss of title, any involuntary loss of, damage to or any destruction of, or any expropriation, condemnation or other taking (including by any Governmental Authority) of, any property of Holdings, the Designated Company or any of its Restricted Subsidiaries, or, on and after the Specified AV Minerals Joinder Date, AV Minerals. “Casualty Event” shall include but not be limited to any taking of all or any part of any Real Property of any person or any part thereof, in or by expropriation, condemnation or other eminent domain proceedings pursuant to any Requirement of Law, or by reason of the temporary requisition of the use or occupancy of all or any part of any Real Property of any person or any part thereof by any Governmental Authority, civil or military, or any settlement in lieu thereof.

“CERCLA” shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq. and all implementing regulations.

A “Change in Control” shall be deemed to have occurred if:

(a) (i) prior to the Designated Holdco Effective Date, Hindalco ceases to be the Beneficial Owner of Voting Stock representing more than 50% of the voting power of the total outstanding Voting Stock of AV Minerals and Holdings, (ii) on and after the Designated Holdco Effective Date, Hindalco ceases to be the Beneficial Owner of Voting Stock representing more than 50% of the voting power of the total outstanding Voting Stock of each of AV Minerals, Holdings and Designated Holdco, or (iii) on and after the Designated Holdco Effective Date, Holdings ceases to be the Beneficial Owner of Voting Stock representing 100% of the voting power of the total outstanding Voting Stock of Designated Holdco;

(b) Holdings (or, on and after the Designated Holdco Effective Date, Designated Holdco) at any time ceases to be the Beneficial Owner and the direct record owner of 100% of the Equity Interests of Borrower, except as a result of a Qualified Borrower IPO; provided that Hindalco continues to be the Beneficial Owner of Voting Stock representing more than 50% of the voting power of the total outstanding Voting Stock of Borrower at all times after giving effect to such Qualified Borrower IPO; and provided, further, that a Permitted Holdings Amalgamation shall not constitute a Change in Control;

(c) the Designated Company at any time ceases to be the Beneficial Owner and the direct or indirect owner of 100% of the Equity Interests of each of Novelis Corporation, Novelis Deutschland GmbH (except to the extent otherwise permitted under clause (c) of the definition of Permitted Reorganization Action or under clause (b) of the definition of Permitted Alaris Foreign Subsidiary Transfer) and each Co-Borrower (other than the Borrower prior to the Designated Holdco Effective Date, and the Designated Company on and after the Designated Holdco Effective Date);

(d) at any time a change in control (or change of control or similar event) with respect to any Co-Borrower or the U.S. Issuer occurs under (and as defined in) any Material Indebtedness of any Loan Party; or

(e) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of Holdings, any Co-Borrower or, on and after the Designated Holdco Effective Date, Designated Holdco, or, on and after the Specified AV Minerals Joinder Date, AV Minerals (together with any new directors whose election to such Board of Directors or whose nomination for election was approved by the Specified Holders or by a vote of at least a majority of the members of the Board of Directors of such Person, as the case may be, which members comprising such majority are then still in office and were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of such Person.

For purposes of this definition, a person shall not be deemed to have Beneficial Ownership of Equity Interests subject to a stock purchase agreement, merger agreement or similar agreement until the consummation of the transactions contemplated by such agreement.

“Change in Law” shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking into effect of any law, treaty, order, policy, rule or regulation, (b) any change in any law, treaty, order, policy, rule or regulation or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided, however, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith, (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, and (z) the implementation or compliance with, CRD IV or CRR, or any law or regulation that implements or applies CRD IV or CRR, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Chattel Paper” shall mean all “chattel paper,” as such term is defined in the UCC, in which any Person now or hereafter has rights.

“Chief Executive Office” shall mean, with respect to any Person, the location from which such Person manages the main part of its business operations or other affairs.

“Chinese Subsidiary Equity Interests” shall mean all Equity Interests of each Person organized under the laws of the People’s Republic of China that is a Subsidiary of a Loan Party, in each case that is owned by a Loan Party.

“Class” shall mean (a) when used with respect to Commitments, whether such Commitments are Term Loan Commitments, Incremental Term Loan Commitments or Other Term Loan Commitments, as the context may require, and (b) when used with respect to Loans or a Borrowing, whether such Loans, or the Loans comprising such Borrowing, are Term Loans, Incremental Term Loans or Other Term Loans. Other Term Loan Commitments, Other Term Loans and Incremental Term Loans made pursuant to any Increase Joinder that have different terms and conditions than the Other Term Loans or Incremental Term Loans shall be construed to be in different Classes.

“Closing Date” shall mean the date, on or prior to the Agreement Termination Date, on which the conditions precedent set forth in Section 4.02 and Section 4.03 are satisfied (or waived in accordance with Section 11.02) and the initial Term Loans are advanced.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

“Co-Borrowers” shall mean (a) the Borrower, (b) solely in the case of Aleris Incremental Term Loans and Aleris Incremental Term Loan Commitments, Novelis Acquisitions (and, immediately after giving effect to the merger of Novelis Acquisitions with and into Aleris in connection with the Aleris Acquisition, Aleris) and (c) solely in the case of any other Incremental Term Loans and Incremental Term Loan Commitments of any Class, to the extent designated as a Co-Borrower pursuant to the Increase Joinder in respect of such Class, the Borrower or Novelis Acquisitions (and, immediately after giving effect to the merger of Novelis Acquisitions with and into Aleris in connection with the Aleris Acquisition, Aleris).

“Collateral” shall mean, all of the “Collateral”, “Pledged Collateral”, “Secured Assets” and “Mortgaged Property” referred to in the Security Documents and all of the other property that is or is intended under the terms of the Security Documents to be subject to Liens in favor of the Collateral Agent for the benefit of the Secured Parties.

“Collateral Agent” shall have the meaning assigned to such term in the preamble hereto and includes each other person appointed as the successor pursuant to Article X.

“Commitment” shall mean, with respect to any Lender, such Lender’s Term Loan Commitment, including any Incremental Term Loan Commitment and any Other Term Loan Commitment, as the context requires.

“Commodity Exchange Act” shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Companies” shall mean Holdings, the Designated Company ~~and~~, Holdings’ Restricted Subsidiaries and, after the Specified AV Minerals Joinder Date if Holdings is not AV Minerals, AV Minerals; and “Company” shall mean any one of them.

“Compensation Plan” shall mean any program, plan or similar arrangement (other than employment contracts for a single individual) relating generally to compensation, pension, employment or similar arrangements with respect to which any Company, any Affiliate of any Company or any ERISA Affiliate of any of them has any obligation or liability, contingent or otherwise, under any Requirement of Law other than that of the United States.

“Compliance Certificate” shall mean a certificate of a Financial Officer substantially in the form of Exhibit D.

“Confidential Information Memorandum” shall mean that certain confidential information memorandum of Novelis Inc., dated January 6, 2017.

“Consolidated Amortization Expense” shall mean, for any period, the amortization expense of the Designated Company and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with US GAAP.

“Consolidated Current Assets” shall mean, as at any date of determination, the total assets of the Designated Company and its Restricted Subsidiaries which may properly be classified as current assets on a consolidated balance sheet of the Designated Company and its Restricted Subsidiaries in accordance with GAAP, excluding cash and Cash Equivalents.

“Consolidated Current Liabilities” shall mean, as at any date of determination, the total liabilities of the Designated Company and its Restricted Subsidiaries which may properly be classified as current liabilities (other than the current portion of any Loans) on a consolidated balance sheet of the Designated Company and its Restricted Subsidiaries in accordance with US GAAP, but excluding (a) the current portion of any Funded Debt of the Designated Company and its Restricted Subsidiaries and (b) without duplication of clause (a) above, all Indebtedness consisting of Revolving Credit Loans to the extent otherwise included therein.

“Consolidated Depreciation Expense” shall mean, for any period, the depreciation expense of the Designated Company and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with US GAAP.

“Consolidated EBITDA” shall mean, for any period, the sum of (A) Consolidated Net Income for such period, adjusted by (without duplication):

(x) adding thereto, in each case only to the extent (and in the same proportion) deducted in determining such Consolidated Net Income and without duplication:

(a) Consolidated Interest Expense for such period;

(b) Consolidated Amortization Expense for such period;

(c) Consolidated Depreciation Expense for such period;

(d) Consolidated Tax Expense for such period;

(e) non-recurring items or unusual charges or expenses, severance, relocation costs or expenses, other business optimization expenses (including costs and expenses relating to business optimization programs), new systems design and implementation costs, project start-up costs, restructuring charges or reserves, costs related to the closure and/or consolidation of facilities and one-time costs associated with a Qualified IPO or Qualified Borrower IPO;

(f) to the extent covered by insurance and actually reimbursed or, so long as the Designated Company has made a good faith determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (x) not denied by the applicable carrier in writing within 180 days and (y) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses and expenses with respect to Casualty Events or business interruption;

(g) the aggregate amount of all other non-cash charges reducing Consolidated Net Income (excluding any non-cash charge that results in an accrual of a reserve for cash charges in any future period) for such period;

(h) the amount of net income (loss) attributable to non-controlling interests deducted (and not added back) in computing Consolidated Net Income; and

(i) Management Fees paid in compliance with Section 6.08(c);

(y) subtracting therefrom, (a) the aggregate amount of all non-cash items increasing Consolidated Net Income (other than the accrual of revenue or recording of receivables in the ordinary course of business) for such period and (b) interest income; and

(z) excluding therefrom,

(a) [intentionally omitted];

(b) earnings or losses resulting from any reappraisal, revaluation or write-up or write-down of assets;

(c) non-recurring or unusual gains; and

(d) any gain or loss relating to cancellation or extinguishment of Indebtedness;
plus

(B) the proportionate interest of the Designated Company and its consolidated Restricted Subsidiaries in Non-consolidated Affiliate EBITDA for such period; plus

(C) for purposes of determining compliance with the Financial Performance Covenant only (solely for the purposes of Section 6.14 and not for determining whether any action predicated on being in compliance with the Financial Performance Covenant is permitted), Specified Equity Contributions made pursuant to Section 8.04 to cure failure to comply with the Financial Performance Covenant for a fiscal quarter in such period; plus

(D) the annualized amount of net cost savings, operating expense reductions and synergies reasonably projected by the Designated Company in good faith to be realized as a result of specified actions (x) taken since the beginning of the Test Period in respect of which Consolidated EBITDA is being determined or (y) initiated prior to or during the Test Period (in each case, which cost savings shall be added to Consolidated EBITDA until fully realized, but in no event for more than four fiscal quarters) (calculated on a pro forma basis as though such annualized cost savings, operating expense reductions and synergies had been realized on the first day of such Test Period, net of the amount of actual benefits realized during such Test Period from such actions); provided that (1) such cost savings, operating expense reductions and synergies are reasonably identifiable, quantifiable and factually supportable in the good faith judgment of the Designated Company, and (2) no cost savings, operating expense reductions and synergies shall be added pursuant to this clause (C) to the extent duplicative of any expenses or charges otherwise added to Consolidated EBITDA, whether through a pro forma adjustment or otherwise, for such Test Period; provided that the aggregate amount added to Consolidated EBITDA pursuant to this clause (C) shall not exceed in the aggregate 15% of Consolidated EBITDA for any one Test Period; provided, further that projected (and not yet realized) amounts may no longer be added in calculating Consolidated EBITDA pursuant to this clause (C) to the extent occurring more than four full fiscal quarters after the specified action taken or initiated in order to realize such projected cost savings, operating expense reductions and synergies.

Notwithstanding the foregoing clause (x), the provision for taxes and the depreciation, amortization and non-cash items of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion) that the net income of such Restricted Subsidiary was included in calculating Consolidated Net Income.

Consolidated EBITDA shall not include the Consolidated EBITDA of any Non-consolidated Affiliate if such Non-consolidated Affiliate is subject to a prohibition, directly or indirectly, on the payment of dividends or the making of distributions, directly or indirectly, to the Designated Company or any Co-Borrower, to the extent of such prohibition.

“Consolidated Interest Coverage Ratio” shall mean, for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

“Consolidated Interest Expense” shall mean, for any period, the total consolidated interest expense of the Designated Company and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with US GAAP plus, without duplication:

(a) imputed interest on Capital Lease Obligations and Attributable Indebtedness of the Designated Company and its Restricted Subsidiaries for such period;

(b) commissions, discounts and other fees and charges owed by the Designated Company or any of its Restricted Subsidiaries with respect to letters of credit securing financial obligations, bankers’ acceptance financing and receivables financings for such period;

(c) amortization of debt issuance costs, debt discount or premium and other financing fees and expenses incurred by the Designated Company or any of its Restricted Subsidiaries for such period;

(d) all interest paid or payable with respect to discontinued operations of the Designated Company or any of its Restricted Subsidiaries for such period; and

(e) the interest portion of any deferred payment obligations of the Designated Company or any of its Restricted Subsidiaries for such period.

“Consolidated Net Income” shall mean, for any period, the consolidated net income (or loss) of the Designated Company and its Restricted Subsidiaries determined on a consolidated basis in accordance with US GAAP; provided, however, that the following shall be excluded in the calculation of “Consolidated Net Income”:

(a) any net income (loss) of any person (other than the Designated Company) if such person is not a Restricted Subsidiary of the Designated Company, except that:

(i) subject to the exclusion contained in clause (c) below, equity of the Designated Company and its consolidated Restricted Subsidiaries in the net income of any such person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash distributed by such person during such period to the Designated Company or to a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (b), below); and

(ii) the equity of the Designated Company and its consolidated Restricted Subsidiaries in a net loss of any such person other than an Unrestricted Subsidiary for such period shall be included in determining such Consolidated Net Income;

(b) any net income (loss) of any Restricted Subsidiary of the Designated Company if such Restricted Subsidiary is subject to a prohibition, directly or indirectly, on the payment of dividends or the making of distributions, directly or indirectly, to the Designated Company or any Co-Borrower, to the extent of such prohibition, except that:

(i) subject to the exclusion contained in clause (c) below, equity of the Designated Company and its consolidated Restricted Subsidiaries in the net income of any such person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash distributed by such Restricted Subsidiary during such period to the Designated Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in this clause (b)); and

(ii) the equity of the Designated Company and its consolidated Restricted Subsidiaries in a net loss of any such person other than an Unrestricted Subsidiary for such period shall be included in determining such Consolidated Net Income;

(c) any gain or loss realized upon the sale or other disposition of any property of the Designated Company or Restricted Subsidiaries (including pursuant to any Sale and Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business (provided that sales or other dispositions of assets in connection with any Qualified Securitization Transaction permitted hereunder shall be deemed to be in the ordinary course);

(d) any extraordinary gain or loss;

(e) the cumulative effect of a change in accounting principles;

(f) any non-cash compensation expense realized for grants of performance shares, stock options or other rights to officers, directors and employees of the Designated Company or any Restricted Subsidiary; provided that such shares, options or other rights can be redeemed at the option of the holders only for Qualified Capital Stock of the Designated Company or Holdings [\(or, on and after the Specified AV Minerals Joinder Date, AV Minerals\)](#);

(g) any unrealized gain or loss resulting in such period from Hedging Obligations (other than any unrealized gains or losses resulting from foreign currency re-measurement hedging activities);

(h) any expenses or charges in such period related to the Transactions, any premiums, fees, discounts, expenses and losses payable by any Loan Party in such period in connection with any redemption or tender offer of Indebtedness permitted hereunder, and any acquisition, disposition, recapitalization or the incurrence of any Indebtedness permitted hereunder, including such fees, expenses or charges related to the Transactions; and

- (i) the effects of adjustments in the property, plant and equipment, inventories, goodwill, intangible assets and debt line items in the Designated Company's consolidated financial statements pursuant to US GAAP resulting from the application of purchase accounting in relation to any acquisition or the amortization or write-off of any amounts thereof, net of taxes.

Notwithstanding the foregoing, for purposes of the calculation of Cumulative Credit only, there shall be excluded from Consolidated Net Income any dividends, repayments of loans or advances or other transfers of property from Unrestricted Subsidiaries to the Designated Company or a Restricted Subsidiary to the extent such dividends, repayments or transfers increase the amount of Cumulative Credit pursuant to clause (d) of the definition of Cumulative Credit.

“Consolidated Net Tangible Assets” shall mean, as of any date of determination, the sum of the amounts that would appear on a consolidated balance sheet of the Designated Company and its Restricted Subsidiaries as the total assets (less accumulated depreciation and amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of the Designated Company and its Restricted Subsidiaries, after giving effect to purchase accounting and after deducting therefrom Consolidated Current Liabilities and, to the extent otherwise included, the amounts of (without duplication):

- (a) the excess of cost over fair market value of assets or businesses acquired;
- (b) any revaluation or other write-up in book value of assets subsequent to March 31, 2016 as a result of a change in the method of valuation in accordance with US GAAP;
- (c) unamortized debt discount and expenses and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;
- (d) minority interests in consolidated Subsidiaries held by Persons other than the Designated Company or any Restricted Subsidiary of the Designated Company;
- (e) treasury stock;
- (f) cash or securities set aside and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Equity Interests to the extent such obligation is not reflected in Consolidated Current Liabilities; and
- (g) Investments in and assets of Unrestricted Subsidiaries.

“Consolidated Tax Expense” shall mean, for any period, the tax expense of the Designated Company and its Restricted Subsidiaries, for such period determined on a consolidated basis in accordance with US GAAP.

“Consolidated Total Assets” shall mean at any date of determination, the total assets of the Designated Company and its Restricted Subsidiaries determined on a consolidated basis in accordance with US GAAP.

“Consolidated Total Net Debt” shall mean, as of any date of determination and without duplication, the sum of (A) the aggregate principal amount of Indebtedness of the Designated Company and its Restricted Subsidiaries outstanding on such date of the type referenced in clauses (a), (b) and (f) of the definition of Indebtedness, and any Contingent Obligations of the Designated Company and its Restricted Subsidiaries in respect of Indebtedness of any Person under clauses (a), (b) and (f) of the definition of Indebtedness, minus the aggregate amount of Unrestricted Cash on such date, plus (B) the proportionate interest of the Designated Company and its consolidated Restricted Subsidiaries in the Non-consolidated Affiliate Debt of each of the Non-consolidated Affiliates at any date of determination. The aggregate principal amount of such Indebtedness shall be determined according to the face or principal amount thereof, based on the amount owing under the applicable contractual obligation (without regard to any election by the Designated Company, Holdings (or, and, on and after the Specified AV Minerals Joinder Date, AV Minerals) or any other Person) to measure an item of Indebtedness using fair value or any other discount that may be applicable under GAAP (including the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities) on a consolidated basis with respect to the Designated Company and its Restricted Subsidiaries in accordance with consolidation principles utilized in GAAP.

“Contingent Obligation” shall mean, as to any person, any obligation, agreement, understanding or arrangement of such person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations (“primary obligations”) of any other person (the “primary obligor”) in any manner, whether directly or indirectly, including any obligation of such person, whether or not contingent, (a) under any guaranty, endorsement, co-making or sale with recourse of any obligation of a primary obligor, (b) to purchase any such primary obligation or any property constituting direct or indirect security therefor; (c) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; (d) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation; (e) with respect to bankers’ acceptances, letters of credit and similar credit arrangements, until a reimbursement obligation arises (which reimbursement obligation shall constitute Indebtedness); or (f) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term “Contingent Obligation” shall not include endorsements of instruments for deposit or collection in the ordinary course of business or any product warranties. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such person may be liable, whether singly or jointly, pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such person is required to perform thereunder) as determined by such person in good faith.

“Contribution, Intercompany, Contracting and Offset Agreement” shall mean that certain Contribution, Intercompany, Contracting and Offset Agreement dated as of the Closing Date by and among the Loan Parties (other than certain Foreign Subsidiaries), the Collateral Agent and the Administrative Agent.

“Contribution Notice” shall mean a contribution notice issued by the Pensions Regulator under Section 38 or Section 47 of the Pensions Act 2004.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms “Controlling” and “Controlled” shall have meanings correlative thereto.

“Control Agreement” shall mean, with respect to a Deposit Account, Securities Account, or Commodity Account (each as defined in the UCC), (i) located in the United States, an agreement in form and substance reasonably satisfactory to the Collateral Agent establishing the Collateral Agent’s “control” (within the meaning of the UCC) in such account, or (ii) located in other jurisdictions, agreements with regard to such accounts establishing and perfecting the First Priority Lien of the Collateral Agent in such accounts, and otherwise in form and substance reasonably satisfactory to the Collateral Agent.

“Cost of Funds” shall mean the rate of interest on each Lender’s share of the relevant Borrowing for the relevant Interest Period, which shall be the percentage rate per annum which is the sum of the weighted average of the rates notified to the Administrative Agent by each Lender as soon as practicable and in any event within two Business Days of the first day of that Interest Period (or, if earlier, on the date falling two Business Days before the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to the relevant Lender of funding its participation in that Loan from whatever source it may reasonably select; provided, that if a Lender’s Funding Rate is less than the Eurodollar Rate or a Lender does not supply a quotation by the time specified in this definition, the cost to that Lender of funding its participation in that Borrowing for that Interest Period shall be deemed, for the purposes of this definition, to be the Eurodollar Rate; provided, further, that if any Lender does not supply a quotation by the time specified in this definition, the rate of interest shall be calculated on the basis of the quotations of the remaining Lenders; provided, further, that if the Cost of Funds shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Covered Aleris Lender” shall have the meaning assigned to such term in the definition of “Covered Aleris Syndication Taxes”.

“Covered Aleris Loan” shall have the meaning assigned to such term in the definition of “Covered Aleris Syndication Taxes”.

“Covered Aleris Payment Date” shall mean any Interest Payment Date and any other date on which interest on the Aleris Incremental Term Loans is paid.

“Covered Aleris Syndication Taxes” means, in the case of a Lender (other than a Lender that was an Aleris Incremental Term Lender on the Aleris Incremental Funding Date or an Affiliate of such Lender) that acquires an interest in the Aleris Incremental Term Loans pursuant to an Assignment and Assumption between the Aleris Incremental Funding Date and the Aleris Syndication Termination Date (the “Aleris Syndication Period”), and any initial or subsequent assignee Lender of all or a portion of such interest (collectively, such Lender and such assignee Lender(s), a “Covered Aleris Lender”), any U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Covered Aleris Lender with respect to such Lender’s interest in the Aleris Incremental Term Loans acquired by a Covered Aleris Lender during the Aleris Syndication Period and, solely for any Covered Aleris Payment Date occurring after the Aleris Syndication Termination Date, held as of the end of the Aleris Syndication Period (or acquired subsequent to the Aleris Syndication Period pursuant to an assignment from a Covered Aleris Lender) (such interest in an Aleris Incremental Term Loan, a “Covered Aleris Loan”); provided that Covered Aleris Syndication Taxes shall not include (i) Excluded Taxes or (ii) Taxes for which the Lenders are indemnified by the Co-Borrowers hereunder without regard to the indemnification for Covered Aleris Syndication Taxes. For the avoidance of doubt, Covered Aleris Syndication Taxes shall not include any U.S. federal withholding Taxes imposed on amounts payable to or for the account of a Covered Aleris Lender with respect to an interest in Aleris Incremental Term Loans (or Aleris Incremental Term Loan Commitments in respect thereof) pursuant to a change in law after the date on which such Lender acquires an interest in such Loan or Commitment, or U.S. federal withholding Taxes that, pursuant to Section 2.15, were payable to such Lender’s assignor immediately before such Lender became a party hereto.

“CRD IV” means Directive 2013/36/EU of June 26, 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directive 2006/48/EC and 2006/49/EC.

“Credit Agreement Refinancing Indebtedness” shall mean (a) Permitted First Priority Refinancing Debt, (b) Permitted Second Priority Refinancing Debt, (c) Permitted Unsecured Refinancing Debt or (d) Indebtedness incurred pursuant to a Refinancing Amendment, in each case, issued, incurred or otherwise obtained (including by means of the extension or renewal of existing Indebtedness) in exchange for, or to extend, renew, replace or refinance, in whole or part, existing Term Loans (including any successive Credit Agreement Refinancing Indebtedness) (“Refinanced Debt”); provided that (i) such extending, renewing or refinancing Indebtedness is in an original aggregate principal amount not greater than the aggregate principal amount of the Refinanced Debt (except for unpaid accrued interest and premium thereon and any make-whole payments applicable thereto), (ii) such Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Refinanced Debt and (iii) such Refinanced Debt shall be repaid, defeased or satisfied and discharged, and all accrued interest, fees and premiums (if any)

in connection therewith shall be paid, on the date such Credit Agreement Refinancing Indebtedness is issued, incurred or obtained.

“Credit Extension” shall mean the making of a Loan by a Lender.

“CRR” shall mean Regulation (EU) no. 575/2013 of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) no. 648/2012.

“Cumulative Credit” shall mean, at any date, an amount equal to:

(a) \$328,000,000; plus

(b) 50% of the aggregate Consolidated Net Income accrued during the period commencing on October 1, 2016 to and including the last day of the fiscal quarter most recently ended for which the Designated Company has delivered to the Administrative Agent the financial statements required to be delivered by Section 5.01(a) or Section 5.01(b), taken as a single accounting period (or, in the event Consolidated Net Income for such period is a deficit, minus 100% of such deficit); plus

(c) 100% of the Net Cash Proceeds received by, (w) prior to the Designated Holdco Effective Date, Holdings from the issuance of Qualified Capital Stock of Holdings or as a capital contribution to Holdings after the Closing Date to the extent that such Net Cash Proceeds are immediately contributed by Holdings to the Designated Company following such sale or contribution to Holdings (including the Net Cash Proceeds of a Qualified IPO), (x) on and after the Designated Holdco Effective Date, from the issuance of Qualified Capital Stock of Designated Holdco or as a capital contribution to Designated Holdco (including the Net Cash Proceeds of a Qualified IPO), (y) Borrower from the issuance of Qualified Capital Stock of the Borrower in a Qualified Borrower IPO and (z) Borrower from the issuance of Qualified Capital Stock of Borrower after a Qualified Borrower IPO; provided that, in each case, no issuances to or contributions from a Restricted Subsidiary shall be counted for the purposes of this clause (c); plus

(d) the aggregate net cash proceeds received by the Designated Company or any Restricted Subsidiary from the issuance or sale after the Closing Date of convertible or exchangeable Indebtedness that has been converted into or exchanged for Qualified Capital Stock of Holdings (prior to the Designated Holdco Effective Date), Designated Holdco (on and after the Designated Holdco Effective Date) or of the Borrower after a Qualified Borrower IPO, excluding:

(i) any such Indebtedness issued or sold to any Loan Party or a Subsidiary of any Loan Party or an employee stock ownership plan or trust established by any Loan Party or any such Subsidiary for the benefit of their employees, and

(ii) the aggregate amount of any cash or other property distributed by Holdings, the Designated Company or any Restricted Subsidiary upon any such conversion or exchange; plus

(e) the net reduction in Investments made in reliance on the Cumulative Credit pursuant to Section 6.04(r)(ii) in any person other than the Designated Company or an Unrestricted Grantor resulting from cash dividends, repayments of loans or advances or other transfers of property (valued at fair market value), in each case to the Designated Company or any Unrestricted Grantor; provided that the foregoing amount shall not exceed, in the case of any person, the amount of Investments made after the Closing Date by the Designated Company or any Unrestricted Grantor in such person in reliance on the Cumulative Credit pursuant to Section 6.04(r)(ii); plus

(f) the aggregate amount of prepayments refused by Lenders pursuant to Section 2.10(g)(iii); plus

(g) upon the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary pursuant to Section 5.16, the lesser of (i) the fair market value of the net assets of such Unrestricted Subsidiary at the time of redesignation and (ii) the aggregate amount of Investments made by the Designated Company or any of its Restricted Subsidiaries in reliance on the Cumulative Credit pursuant to Section 6.04(r)(ii) in such Unrestricted Subsidiary after the Closing Date and prior to such redesignation; minus

(h) in each case from and after the Closing Date, (x) the cumulative amount of all Investments made pursuant to Section 6.04(r)(ii), (y) the cumulative amount of all Dividends made pursuant to Section 6.08(c), Section 6.08(d)(i), Section 6.08(i) and Section 6.08(j) and (z) the cumulative amount of all payments and redemptions of Indebtedness made pursuant to Section 6.11(a)(i)(z)(1); minus

(i) if, at such date of determination, the Total Net Leverage Ratio determined on a Pro Forma Basis as of the last day of the most recently ended fiscal quarter for which the Designated Company has delivered to the Administrative Agent the financial statements required to be delivered by Section 4.01(e), Section 5.01(a) or Section 5.01(b) would be greater than or equal to 3.5 to 1.0, the cumulative amount of Recapture Amounts paid since the Closing Date.

“DB Cash Pooling Arrangements” shall mean the cash pooling arrangements among the Borrower, certain other Loan Parties and Deutsche Bank pursuant to the Transaction Banking Services Agreement among such parties and any documents ancillary thereto.

“Debt Issuance” shall mean the incurrence by Holdings, the Designated Company or any of its Restricted Subsidiaries (or, on and after the Specified AV Minerals Joinder Date, AV Minerals) of any Indebtedness after the Closing Date (other than as permitted by Section 6.01).

“Debt Service” shall mean, for any period, Cash Interest Expense for such period plus scheduled principal amortization of all Indebtedness paid in such period.

“Debtor Relief Laws” shall mean the Bankruptcy Code of the United States, the Bankruptcy and Insolvency Act (Canada), the Companies’ Creditors Arrangement Act (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, arrangement, rearrangement, readjustment, composition, liquidation, receivership,

insolvency, reorganization, examination or similar debtor relief or debt adjustment laws (including any applicable corporate statute) of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” shall mean an Event of Default or an event, occurrence or condition which is, or upon notice, lapse of time or both would constitute, an Event of Default.

“Default Rate” shall have the meaning assigned to such term in [Section 2.06\(c\)](#).

“Defaulting Lender” shall mean, subject to [Section 2.18\(b\)](#), any Lender that, as determined by the Administrative Agent, (a) has failed to perform any of its funding obligations hereunder within three Business Days of the date required to be funded by it hereunder, absent a good faith dispute with respect to such obligation, (b) has notified the Designated Company or the Administrative Agent that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or generally under other agreements in which it commits to extend credit, absent a good faith dispute with respect to such obligation, (c) has failed, within three Business Days after request by the Administrative Agent, to confirm in writing to the Administrative Agent that it will comply with its funding obligations hereunder (provided that such Lender shall cease to be Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent), or (d) has, or has a direct or indirect parent company that has, other than pursuant to an Undisclosed Administration, (i) become the subject of any proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, examiner or assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment, or (iv) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority.

“Delegate” shall mean any delegate, agent, attorney, trustee or co-trustee appointed by the Collateral Agent or any Receiver.

[“Designated Belgian Escrow Account” shall mean a deposit account or securities account of Novelis Inc. or in the name of Novelis Inc. into which solely the Designated Belgian Escrow Funds shall be deposited by Novelis Inc., which account shall be subject to the Designated Belgian Escrow Agreement.](#)

[“Designated Belgian Escrow Agreement” shall mean that certain Escrow Agreement for the Administration of Third-Party Funds, to be dated on or before the Aleris Acquisition Closing Date, among Novelis Inc., Aleris Belgium, and a financial institution, as escrow agent, in form and](#)

substance reasonably satisfactory to the Administrative Agent, in respect of the Designated Belgian Escrow Account and governing the Designated Belgian Escrow Funds.

“Designated Belgian Escrow Funds” shall mean cash or Cash Equivalents in an aggregate amount of up to €75,000,000 deposited into the Designated Belgian Escrow Account, which amounts shall be used solely for the purpose of funding capital expenditures of Aleris Belgium pursuant to the Designated Belgian Escrow Agreement.

“Designated Company” shall mean the Borrower or, on and after the Designated Holdco Effective Date, Designated Holdco.

“Designated Holdco” shall mean, on and after the Designated Holdco Effective Date, U.K. Holdco.

“Designated Holdco Effective Date” shall mean the date that (a) the actions described in clause (b) of the definition of Permitted Reorganization Actions are satisfied, and (b) the terms and conditions contained in the definitions of Permitted Reorganization and Permitted Reorganization Actions are satisfied in respect of the actions described in clause (a) above, and in respect of all Permitted Reorganization Actions commenced prior to the actions described in clause (a) above.

“Discount Participation Notice” shall have the meaning assigned to such term in the definition of “Discounted Purchase”.

“Discounted Purchase” shall mean, commencing with the date that is three months after the Syndication Termination Date, one or more purchases by a Co-Borrower (each, a “Purchase”) of Term Loans originally made to such Co-Borrower in accordance with the provisions of Section 11.04(b)(v); provided that, each such Purchase is made on the following basis:

(a) Such Co-Borrower will notify the Administrative Agent in writing (a “Purchase Notice”) (and the Administrative Agent will deliver such Purchase Notice to each relevant Lender) that such Co-Borrower wishes to make an offer to purchase (i) from each Lender on a pro rata basis with respect to any Class of Term Loans on an individual tranche basis, Term Loans originally made to such Co-Borrower, in an aggregate principal amount as is specified by such Co-Borrower (the “Term Loan Purchase Amount”) with respect to each applicable tranche, subject to a discount to par expressed as a price at which such Co-Borrower would consummate the Purchase (the “Offer Price”) of such Term Loans to be purchased (it being understood that different Offer Prices and/or Term Loan Purchase Amounts may be offered with respect to different Classes of such Term Loans and, in such an event, each such offer will be treated as a separate offer pursuant to the terms of this Section); provided that the Purchase Notice shall specify that each Discount

Participation Notice (as defined below) must be submitted by a date and time to be specified in the Purchase Notice, which date shall be no earlier than the tenth Business Day following the date of the Purchase Notice and no later than the twentieth Business Day following the date of the Purchase Notice; (ii) at the time of delivery of the Purchase Notice to the Administrative Agent, no Default shall have occurred and be continuing or would result therefrom (which condition shall be certified as being satisfied in such Purchase Notice) and (iii) the Term Loan Purchase Amount specified in each Purchase Notice delivered by such Co-Borrower to the Administrative Agent shall not be less than \$25,000,000 in the aggregate;

(b) Such Co-Borrower will allow each Lender holding the Class of Term Loans subject to the Purchase Notice to submit a notice of participation (each, a “Discount Participation Notice”) which shall specify (i) an acceptance of such Offer Price, and (ii) the principal amount of such Lender’s Class of Term Loans at which such Lender is willing to permit a purchase of all or a portion of its Term Loans made to such Co-Borrower to occur at each such Acceptable Price (the “Reply Amount”); provided that each Lender may elect to accept or reject such offer in its sole discretion;

(c) In the event that the aggregate Reply Amounts relating to such Purchase Notice are insufficient to allow such Co-Borrower to complete a purchase of the entire Term Loan Purchase Amount, such Co-Borrower may, at its election, either (x) withdraw the Purchase Notice and terminate the Purchase or (y) subject to clause (e) below, complete the Purchase for the aggregate Reply Amounts at the Offer Price for the Purchase subject to the Purchase Notice;

(d) In the event that the aggregate Reply Amounts relating to such Purchase Notice are not less than the Term Loan Purchase Amount, such Co-Borrower shall purchase Term Loans originally made to such Co-Borrower from each Lender with one or more Discount Participation Notices at the Offer Price, in an aggregate principal amount equal to (x) the Term Loan Purchase Amount or (y) such greater amount, not to exceed the aggregate Reply Amounts relating to such Purchase Notice, as such Co-Borrower elects in its discretion (such Term Loans, as applicable, being referred to as “Qualifying Loans” and such Lenders being referred to as “Qualifying Lenders”), in the case of clauses (x) and (y), subject to clauses (e), (f) and (g) below; provided that if the aggregate principal amount required to purchase the Qualifying Loans would exceed the Term Loan Purchase Amount, such Co-Borrower shall purchase Qualifying Loans ratably based on the aggregate principal amounts of all such Qualifying Loans tendered by each such Qualifying Lender;

(e) subject to Section 2.13, the Purchase shall be consummated pursuant to and in accordance with Section 11.04 and, to the extent not otherwise provided herein, shall otherwise be consummated pursuant to procedures (including as to timing, rounding and minimum amounts, Interest Periods, and other notices by such Co-Borrower) mutually acceptable to the Administrative Agent and such Co-Borrower (provided that such

Purchase shall be required to be consummated no later than five Business Days after the time that Discount Participation Notices are required to be submitted by Lenders pursuant to the applicable Purchase Notice);

(f) upon submission by a Lender of a Discount Participation Notice, subject to the foregoing clause (e), such Lender will be irrevocably obligated to sell the entirety or its pro rata portion (as applicable pursuant to clause (d) above) of the Reply Amount at the Offer Price plus accrued and unpaid interest through the date of purchase to such Co-Borrower pursuant to Section 11.04 and as otherwise provided herein; and

(g) purchases by such Co-Borrower of Qualifying Loans shall result in the immediate cancellation of such Qualifying Loans.

“Disqualified Capital Stock” shall mean any Equity Interest which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable other than solely for Qualified Capital Stock, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to 180 days after the Latest Maturity Date in effect at the time of issuance of such Equity Interest, (b) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or (ii) any Equity Interests referred to in (a) above, in each case at any time on or prior to 180 days after the Latest Maturity Date in effect at the time of issuance of such Equity Interest, or (c) contains any mandatory repurchase obligation which may come into effect prior to 180 days after the Latest Maturity Date in effect at the time of issuance of such Equity Interest; provided, however, that any Equity Interests that would not constitute Disqualified Capital Stock but for provisions thereof giving holders thereof (or the holders of any security into or for which such Equity Interests is convertible, exchangeable or exercisable) the right to require the issuer thereof to redeem such Equity Interests upon the occurrence of a change in control or an asset sale occurring prior to 180 days after the Latest Maturity Date in effect at the time of issuance of such Equity Interest shall not constitute Disqualified Capital Stock if such Equity Interests provide that the issuer thereof will not redeem any such Equity Interests pursuant to such provisions prior to the repayment in full of the Obligations.

“Disqualified Institution” shall mean, on any date, (a) any Sanctioned Person and (b) any other Person that is a direct competitor of the Designated Company (other than a Person described in clause (a) or (b) of the definition of Known Affiliate) or a Known Affiliate of a competitor, which Person has been designated by the Designated Company as a “Disqualified Institution” by written notice to the Administrative Agent from time to time after the 90th day following the Closing Date; provided that “Disqualified Institutions” shall exclude any Person that the Designated Company has designated as no longer being a “Disqualified Institution” by written notice delivered to the Administrative Agent from time to time.

“Distribution” shall mean, collectively, with respect to any Person, all dividends, cash, options, warrants, rights, instruments, distributions, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of Equity Interests, from time to time received, receivable or otherwise distributed to such Person in respect of or in exchange for any or all of the Equity Interests or Intercompany Notes owned by such Person.

“Dividend” with respect to any person shall mean that such person has declared or paid a dividend or returned any equity capital to the holders of its Equity Interests or made any other distribution, payment or delivery of property (other than Qualified Capital Stock of such person) or cash to the holders of its Equity Interests as such, or redeemed, retired, purchased or otherwise acquired, directly or indirectly, for consideration any of its Equity Interests outstanding (or any options or warrants issued by such person with respect to its Equity Interests), or set aside any funds for any of the foregoing purposes, or shall have permitted any of its Subsidiaries to purchase or otherwise acquire for consideration any of the Equity Interests of such person outstanding (or any options or warrants issued by such person with respect to its Equity Interests). Without limiting the foregoing, “Dividends” with respect to any person shall also include all payments made or required to be made by such person with respect to any stock appreciation rights, plans, equity incentive or achievement plans or any similar plans or setting aside of any funds for the foregoing purposes, except to the extent such payments reduce Consolidated Net Income.

“Dividend Recapture Amount” shall have the meaning assigned to such term in Section 6.08(d)(iii).

“Dollar Equivalent” shall mean, as to any amount denominated in any currency other than Dollars as of any date of determination, the amount of Dollars that would be required to purchase the amount of such currency based upon the Spot Selling Rate as of such date, and as to any amount denominated in Dollars, such amount in Dollars.

“Dollars” or “dollars” or “\$” shall mean lawful money of the United States.

“DQ List” shall have the meaning assigned to such term in Section 11.04(g)(iv).

“Dubai Guarantor” shall mean each Restricted Subsidiary of the Designated Company organized in the Dubai International Financial Centre party hereto as a Guarantor, and each other Restricted Subsidiary of the Designated Company organized in the Dubai International Financial Centre that becomes a Guarantor pursuant to the terms hereof.

“Dubai Security Agreements” shall mean, collectively (i) any Security Agreements, including all subparts thereto, among any Dubai Guarantors (and such other Persons as may be party thereto) and the Collateral Agent for the benefit of the Secured Parties, (ii) each pledge

agreement, mortgage, security agreement, guarantee or other agreement that is entered into by any Dubai Guarantor or any Person who is the holder of Equity Interests in any Dubai Guarantor in favor of the Collateral Agent and the Secured Parties and, in the case of an Assignment of Credits Agreement, also in favor of the Revolving Credit Collateral Agent and the secured parties under the Revolving Credit Agreement, and (iii) any other pledge agreement, mortgage, security agreement or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of the Dubai International Financial Centre (or any subdivision thereof), securing the Secured Obligations, and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“Dutch Guarantor” shall mean each Restricted Subsidiary of the Designated Company organized under the laws of the Netherlands party hereto as a Guarantor, and each other Restricted Subsidiary of the Designated Company organized under the laws of the Netherlands that becomes a Guarantor pursuant to the terms hereof.

“Dutch Security Agreements” shall mean, collectively (i) any Security Agreements, including all subparts thereto, among any Dutch Guarantors (and such other Persons as may be party thereto) and the Collateral Agent for the benefit of the Secured Parties, (ii) each pledge agreement, mortgage, security agreement, guarantee or other agreement that is entered into by any Dutch Guarantor or any Person who is the holder of Equity Interests in any Dutch Guarantor in favor of the Collateral Agent and/or the Revolving Credit Collateral Agent in its capacity as agent for the Secured Parties pursuant to the terms of the Intercreditor Agreement and the other Loan Documents, and (iii) any other pledge agreement, mortgage, security agreement or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of the Netherlands (or any subdivision thereof), securing the Secured Obligations, and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“EEA Financial Institution” shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a Subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” shall mean any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegate) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” shall mean January 10, 2017.

“Eligible Assignee” shall mean (a) any Lender, (b) an Affiliate of any Lender, (c) an Approved Fund of a Lender and (d) any other person approved, in the case of this clause (d) only, by the Designated Company (such approval not to be unreasonably withheld or delayed and such approval shall be deemed given if no objection is made by the Designated Company within five Business Days after receipt of a notice of an assignment proposing such person as an assignee of any interest in any Loans); provided that (x) no approval of the Designated Company shall be required during the continuance of an Event of Default or on or prior to the Syndication Termination Date, (y) “Eligible Assignee” shall not include [AV Minerals](#), Holdings or any of its Affiliates or Subsidiaries (other than, commencing with the date that is three months after the Syndication Termination Date, each Co-Borrower, solely to the extent that such Co-Borrower purchases or acquires Term Loans originally made to such Co-Borrower pursuant to a Discounted Purchase and effects a Cancellation immediately upon such purchase or acquisition pursuant to documentation reasonably satisfactory to the Administrative Agent) or any natural person and (z) each assignee Lender shall be subject to each other applicable requirement regarding Lenders hereunder. Any Disqualified Institution is subject to [Section 11.04\(g\)](#) hereof.

“Embargoed Person” shall have the meaning assigned to such term in [Section 6.21](#).

“Environment” shall mean the natural environment, including air (indoor or outdoor), surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources, sewer systems, the workplace or as otherwise defined in any Environmental Law.

“Environmental Claim” shall mean any claim, notice, demand, order, action, suit, proceeding or other formal communication alleging liability for or obligation with respect to any investigation, remediation, removal, cleanup, response, corrective action, damages to natural resources, personal injury, property damage, fines, penalties or other costs resulting from, related to or arising out of (i) the presence, Release or threatened Release in or into the Environment of Hazardous Material at any location or (ii) any violation or alleged violation of any Environmental Law, and shall include any claim seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from, related to or arising out of the presence, Release or threatened Release of Hazardous Material or alleged injury or threat of injury to the Environment or to human health or safety relating to or arising out of the use of, exposure to or Releases or threatened Releases of Hazardous Material.

“Environmental Law” shall mean any and all treaties, laws, statutes, ordinances, regulations, rules, decrees, orders, judgments, consent orders, consent decrees, code or other legally binding requirements (including the *Guide d’Intervention – Protection des sols et de réhabilitation des terrains contaminés* of the Quebec Ministry of Sustainable Development, Environment and Fight Against Climate Change), and the common law and civil law, relating to protection of human health or the Environment, the Release or threatened Release of Hazardous

Material, natural resources or natural resource damages, or occupational safety or health, and any and all Environmental Permits.

“Environmental Permit” shall mean any permit, license, approval, registration, notification, exemption, consent or other authorization required by or from a Governmental Authority under Environmental Law.

“Equipment” shall mean “equipment,” as such term is defined in the UCC, in which such Person now or hereafter has rights.

“Equity Interest” shall mean, with respect to any person, any and all shares, interests, participations or other equivalents, including membership interests (however designated, whether voting or nonvoting), of equity of such person, including, if such person is a partnership, partnership interests (whether general or limited) and any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of property of, such partnership, whether outstanding on the Closing Date or issued after the Closing Date, but excluding debt securities convertible or exchangeable into such equity.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

“ERISA Affiliate” shall mean, with respect to any person, any trade or business (whether or not incorporated) that, together with such person, is treated as a single employer under Section 414 of the Code.

“ERISA Event” shall mean (a) any “reportable event,” as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the thirty (30) day notice period is waived by regulation); (b) the failure to meet the minimum funding standard of Section 412 of the Code with respect to any Plan whether or not waived; (c) the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (d) the filing pursuant to Section 412 of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (e) the incurrence by any Company or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA; (f) the receipt by any Company or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (g) the occurrence of any event or condition which could reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (h) the incurrence by any Company or any of its ERISA Affiliates of any liability with respect to the withdrawal from any Plan subject to Section 4063 of ERISA or a cessation of operation that is treated as a withdrawal under Section 406(e) of

ERISA; (i) a complete or partial withdrawal by any Company or any ERISA Affiliate from a Multiemployer Plan resulting in material Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; (j) the making of any amendment to any Plan which could result in the imposition of a lien or the posting of a bond or other security; and (k) the occurrence of a nonexempt prohibited transaction (within the meaning of Section 4975 of the Code or Section 406 of ERISA) which could reasonably be expected to result in a Material Adverse Effect.

“EU Bail-In Legislation Schedule” shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Euro” shall mean the lawful currency of the Participating Member States introduced in accordance with the legislative measures of the European Council for the introduction of, changeover to or operation of a single unified European currency.

“Eurodollar Base Rate” shall mean, for any Interest Period, the rate per annum equal to the rate per annum determined by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two London Banking Days prior to the commencement of such Interest Period by reference to the ICE Benchmark Administration Interest Settlement Rates for Dollar deposits, as published by Reuters or any other service selected by the Administrative Agent that has been nominated by the ICE Benchmark Administration Limited as an authorized information vendor for the purpose of displaying such rates (the “Screen Rate”), with a term equivalent to such Interest Period; provided that if no Screen Rate is available for such Interest Period, then the “Eurodollar Base Rate” for such Interest Period shall be the Interpolated Screen Rate for a period equal in length to such Interest Period; provided, further, that if the Interpolated Screen Rate is not available at such time for any reason, then the “Eurodollar Base Rate” for such Interest Period shall be the rate per annum determined by the Administrative Agent equal to the average of rates per annum at which deposits in Dollars are offered for such Interest Period to the Administrative Agent by three leading banks in the London interbank market in London, England at approximately 11:00 a.m. (London time) on the date which is two London Banking Days prior to the commencement of such Interest Period; provided, further, that if the Eurodollar Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. Each determination by Administrative Agent pursuant to this definition shall be conclusive absent manifest error.

“Eurodollar Rate” shall mean for any Interest Period with respect to a Eurodollar Rate Loan, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

“Eurodollar Rate Borrowing” shall mean a Borrowing comprised of Eurodollar Rate Loans.

“Eurodollar Rate Loan” shall mean a Term Loan that bears interest at a rate determined by reference to the Eurodollar Rate.

“Eurodollar Reserve Percentage” shall mean, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurodollar funding (currently referred to as “Eurocurrency liabilities”). The Eurodollar Rate for each outstanding Eurodollar Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage, and no earlier than the date that the Administrative Agent obtains knowledge thereof.

“Event of Default” shall have the meaning assigned to such term in Section 8.01.

“Excess Cash Flow” shall mean, for any Excess Cash Flow Period, Consolidated EBITDA for such Excess Cash Flow Period, minus, without duplication:

(a) Debt Service for such Excess Cash Flow Period;

(b) the aggregate amount of prepayments, redemptions and repurchases (to the extent resulting in cancellation of the underlying obligation and in the case of revolving Indebtedness, a simultaneous permanent reduction in commitments) made by the Designated Company and its Restricted Subsidiaries from Internally Generated Cash Flow during such Excess Cash Flow Period in respect of principal on Capital Lease Obligations, Purchase Money Obligations, Additional Senior Secured Indebtedness and any Indebtedness of a Restricted Subsidiary that is not a Loan Party (and, in the case of prepayments of any revolving Indebtedness, to the extent accompanied by a simultaneous permanent reduction in an equal amount of the revolving commitments in respect of such Indebtedness), in each case, so long as such amounts are not already reflected in Debt Service, during such Excess Cash Flow Period;

(c) Capital Expenditures during such Excess Cash Flow Period (excluding Capital Expenditures made in such Excess Cash Flow Period where a certificate in the form contemplated by the following clause (d) was previously delivered) that are paid in cash from Internally Generated Cash Flow;

(d) Capital Expenditures that the Designated Company or any of its Restricted Subsidiaries shall, during such Excess Cash Flow Period, become obligated to make but that are not made during such Excess Cash Flow Period; provided that the Designated Company shall deliver a certificate to the Administrative Agent not later than 105 days after the end of such Excess Cash Flow Period, signed by a Responsible Officer of the Designated Company and certifying that

such Capital Expenditures will be made in the following Excess Cash Flow Period from Internally Generated Cash Flow;

(e) the aggregate amount of Investments made in cash during such Excess Cash Flow Period from Internally Generated Cash Flow pursuant to Sections 6.04(e), (h), (l), (m) and (r)(i), (iii), (iv) and (v);

(f) (i) taxes of the Designated Company and its Restricted Subsidiaries that were paid in cash during such Excess Cash Flow Period (excluding taxes paid in such Excess Cash Flow period where a certificate contemplated by the following clause (ii) was previously delivered) and (ii) taxes of the Designated Company and its Restricted Subsidiaries that will be paid within six months after the end of such Excess Cash Flow Period and for which reserves have been established; provided that the Designated Company shall deliver a certificate to the Administrative Agent not later than 105 days after the end of such Excess Cash Flow Period, signed by a Responsible Officer of the Designated Company and certifying that such taxes will be paid within such six month period;

(g) the absolute value of the difference, if negative, of the amount of Net Working Capital at the end of the prior Excess Cash Flow Period (or, in the case of the Excess Cash Flow Period for the first complete fiscal year of the Designated Company commencing after the Closing Date, at the first day of such Excess Cash Flow Period) over the amount of Net Working Capital at the end of such Excess Cash Flow Period (excluding or removing any impacts from non-cash currency translation adjustments, non-cash unrealized derivatives, non-cash reclassifications, interest, income taxes and dividends);

(h) to the extent added to determine Consolidated EBITDA and paid in cash during such Excess Cash Flow Period, cash charges referred to in clauses (x)(e)(i) and (ii) of the definition of Consolidated EBITDA;

(i) losses excluded from the calculation of Consolidated Net Income by operation of clause (d) of the definition thereof that are paid or realized in cash during such Excess Cash Flow Period;

(j) cash payments made in satisfaction of non-current liabilities reflected on the balance sheet of the Designated Company (excluding payments of Indebtedness for borrowed money) paid from Internally Generated Cash Flow;

(k) cash payments associated with realized currency derivatives hedging non-current assets and liabilities paid from Internally Generated Cash Flow;

(l) (i) Dividends paid in cash to Holdings (or, on and after the Specified AV Minerals Joinder Date, AV Minerals) to the extent permitted pursuant to Section 6.08, (ii) Management Fees paid in cash during such Excess Cash Flow period in accordance with Section 6.08(c) and (iii) Dividends paid in cash to holders of Equity Interests of Restricted Subsidiaries other than any Company or any Unrestricted Subsidiary, in each case, from Internally Generated Cash Flow;

(m) to the extent added to determine Consolidated EBITDA, all items that did not result from a cash payment to the Designated Company or any of its Restricted Subsidiaries on a consolidated basis during such Excess Cash Flow Period;

(n) the aggregate amount of any premium, make-whole or penalty payments or fees actually paid in cash by the Designated Company and its Restricted Subsidiaries during such Excess Cash Flow Period that are made in connection with any prepayment of Indebtedness or incurrence of Indebtedness permitted hereunder, in each case, from Internally Generated Cash Flow; and

(o) an amount equal to the aggregate non-cash gain on Asset Sales by the Designated Company and its Restricted Subsidiaries during such Excess Cash Flow Period;

provided that any amount deducted pursuant to any of the foregoing clauses that will be paid after the close of such Excess Cash Flow Period shall not be deducted again in a subsequent Excess Cash Flow Period; plus, without duplication:

(i) the difference, if positive, of the amount of Net Working Capital at the end of the prior Excess Cash Flow Period (or, in the case of the Excess Cash Flow Period for the first complete fiscal year of the Designated Company commencing after the Closing Date, at the first day of such Excess Cash Flow Period) over the amount of Net Working Capital at the end of such Excess Cash Flow Period (excluding or removing any impacts from non-cash currency translation adjustments, non-cash unrealized derivatives, non-cash reclassifications, interest, income taxes and dividends);

(ii) to the extent any permitted Capital Expenditures referred to in clause (d) above do not occur in the Excess Cash Flow Period specified in the certificate of the Designated Company provided pursuant to clause (d) above, such amounts of Capital Expenditures that were not so made in the Excess Cash Flow Period specified in such certificates;

(iii) to the extent any tax payments referred to in clause (f)(ii) above do not occur in the Excess Cash Flow Period specified in the certificate of the Designated Company provided pursuant to clause (f)(ii)

above, such amounts of tax payments that were not so made in the Excess Cash Flow Period specified in such certificates;

(iv) to the extent not reflected in Consolidated EBITDA for such Excess Cash Flow Period, any return on or in respect of Investments received in cash during such period, which Investments were made from Internally Generated Cash Flow pursuant to Sections 6.04(e), (h), (l), (m) and (r)(i), (iii), (iv) and (v);

(v) income and gains excluded from the calculation of Consolidated Net Income in any period by operation of clause (d) of the definition thereof or excluded from the calculation of Consolidated EBITDA by operation of clause (z)(c) of the definition thereof that are realized in cash during such Excess Cash Flow Period;

(vi) cash receipts associated with realized currency derivatives hedging non-current assets and liabilities;

(vii) to the extent subtracted in determining Consolidated EBITDA, all items that did not result from a cash payment by the Designated Company or any of its Subsidiaries on a consolidated basis during such Excess Cash Flow Period (other than accruals paid or to be paid in the ordinary course); and

(viii) an amount equal to the aggregate non-cash loss on Asset Sales by the Designated Company and its Restricted Subsidiaries during such Excess Cash Flow Period;

provided, that, notwithstanding anything to the contrary in this definition, if the Designated Holdco Effective Date occurs during an Excess Cash Flow Period, then solely for the purposes of calculating Excess Cash Flow for such Excess Cash Flow Period, each reference in this definition to the Designated Company shall mean, without duplication, both the Borrower and Designated Holdco.

“Excess Cash Flow Percentage” shall have the meaning assigned to such term in Section 2.10(f).

“Excess Cash Flow Period” shall mean each fiscal year of the Designated Company, beginning with the fiscal year of the Designated Company ending March 31, 2018.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Excluded Collateral Subsidiary” shall mean, at any date of determination, any Restricted Subsidiary other than a Specified Aleris Subsidiary designated as such in writing by the Designated Company to the Administrative Agent that:

(~~xw~~) (i) contributed 2.5% or less of Consolidated EBITDA for the period of four fiscal quarters most recently ended for which financial statements have been or are required to have been delivered pursuant to Section 5.01(a) or 5.01(b) prior to the date of determination, and (ii) had consolidated assets representing 2.5% or less of the Consolidated Total Assets of the Designated Company and its Restricted Subsidiaries on the last day of the most recent fiscal quarter ended for which financial statements have been or are required to have been delivered pursuant to Section 5.01(a) or 5.01(b) prior to the date of determination;

(~~yx~~) together with all other Restricted Subsidiaries constituting Excluded Collateral Subsidiaries (i) contributed 7.5% or less of Consolidated EBITDA for the period of four fiscal quarters most recently ended for which financial statements have been or are required to have been delivered pursuant to Section 5.01(a) or 5.01(b) prior to the date of determination, and (ii) had consolidated assets representing 7.5% or less of the Consolidated Total Assets of the Designated Company and its Restricted Subsidiaries on the last day of the most recent fiscal quarter ended for which financial statements have been or are required to have been delivered pursuant to Section 5.01(a) or 5.01(b) prior to the date of determination; ~~and~~

(~~zy~~) is not a Loan Party on the Closing Date; provided that no Loan Party shall constitute an Excluded Collateral Subsidiary except to the extent such Loan Party issues Equity Interests to Persons other than a Company pursuant to Section 6.06(l) and immediately prior to such issuance such Person would have otherwise qualified as an Excluded Collateral Subsidiary under clause (~~xw~~) and (~~yx~~) above; and

(z) is not Aleris Switzerland GmbH, a company organized under the laws of Switzerland, Aleris Casthouse or Aleris Rolled Products, and is not a Loan Party on the Aleris Acquisition Closing Date, after giving effect to the Aleris Acquisition and the other transactions consummated on such date.

The Excluded Collateral Subsidiaries as of the Effective Date are listed on Schedule 1.01(c); provided that, to the extent that any German Borrower Holding Company, Aleris Asia Pacific Limited or Aleris Rolled Products Mexico, S. de R.L. de C.V. directly or indirectly own Equity Interests in a borrower under the Revolving Credit Agreement, then such entities may not be Excluded Collateral Subsidiaries.

“Excluded Contract” shall have the meaning assigned to such term in the definition of “Excluded Property”.

“Excluded Equity Interests” shall mean (a) any Equity Interests of any Person with respect to which the cost or other consequences (including any adverse tax consequences) of pledging such Equity Interests shall be excessive in view of the benefits to be obtained by the Lenders therefrom as reasonably determined by the Administrative Agent and the Designated Company, (b) (i) any Equity Interests to the extent the pledge thereof would be prohibited by any applicable law or contractual obligation (only to the extent such prohibition is applicable and not rendered ineffective by any applicable law and, in the case of any such contractual obligation, permitted under Section 6.19 hereof) and (ii) the Equity Interests of any Unrestricted Subsidiary ~~and~~ (c) all Equity Interests in each of Aleris Belgium, Aleris Italy and Novelis Vietnam Company Limited, and (d) the Chinese Subsidiary Equity Interests, unless the Required Lenders reasonably determine that the value of the Chinese Subsidiary Equity Interests, if pledged, would be material to the Collateral, taken as a whole, and request the pledge of such Chinese Subsidiary Equity Interests (in which case such Chinese Subsidiary Equity Interests shall cease to be Excluded Equity Interests sixty days (or such later date agreed by the Administrative Agent) following receipt of such request); provided that the Equity Interests issued by a Specified Aleris Subsidiary shall not constitute Excluded Equity Interests. For the avoidance of doubt, without the consent of the Tulip Foundation (solely to the extent that it continues to own Equity Interests in Aleris German GP Holdco), following the Aleris Acquisition Closing Date the Equity Interests of Aleris German GP Holdco owned by Aleris Germany shall constitute Excluded Equity Interests under clause (b)(i) above.

“Excluded Factoring Bank Accounts” shall have the meaning assigned to such term in the definition of “Excluded Property”.

“Excluded Property” shall mean (a) any Excluded Equity Interests, (b) any property, including the rights under any contract or agreement (an “Excluded Contract”) to the extent that the grant of a Lien thereon (i) is prohibited by applicable ~~law~~ Requirements of Law (except as otherwise agreed by any Governmental Authority pursuant to a U.S. Hold Separate Agreement) or contractual obligation so long as such contractual obligations are not entered into in contemplation of such prohibition, (ii) requires a consent not obtained of any governmental authority pursuant to such applicable law or any third party pursuant to any contract between the Designated Company or any Subsidiary and such third party or (iii) would trigger a termination event pursuant to any “change of control” or similar provision, in each case pursuant to this clause (a), except to the extent such anti-assignment or negative pledge is not enforceable under the UCC or other applicable ~~Requirements~~ Requirement of Law, or such contractual obligation is prohibited under Section 6.19 hereof, (b) United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a Lien thereon would impair the validity or enforceability of such intent-to-use trademark applications under applicable United States federal law, (c) local petty cash deposit accounts maintained by the Designated Company and its Restricted Subsidiaries in proximity to their operations, (d) payroll accounts maintained by the Designated Company and its Subsidiaries, (e) Property that is, or is to become, subject to a Lien securing a Purchase Money Obligation or Capital Lease Obligation permitted to be incurred pursuant to this Agreement, if the contract or other agreement in which such Lien is granted (or the documentation providing for such Purchase Money Obligation or Capital Lease Obligation) validly prohibits the creation of any other Lien on such Property and such prohibition is permitted under Section 6.19 hereof, (f)(x) any leasehold real property and (y) any fee-owned real property

having an individual fair market value not exceeding \$10,000,000, (g) any Letter-of-Credit Rights that are not Supporting Obligations (each as defined in the UCC), (h) the Specified Immaterial Property, unless the Required Lenders reasonably determine that the value of any portion of the Specified Immaterial Property, if pledged, would be material to the Collateral, taken as a whole, and request the pledge of such Specified Immaterial Property (in which case such material portion of the Specified Immaterial Property shall cease to be Excluded Property sixty days (or such later date agreed by the Administrative Agent) following receipt of such request), (i) any other property ~~(other than property owned by a Specified Aleris Subsidiary)~~ with respect to which the cost or other consequences (including any materially adverse tax consequences) of pledging such property shall be excessive in view of the benefits to be obtained by the Lenders therefrom as reasonably determined by the Administrative Agent, (j) Equipment located at owned or leased locations in Brazil where the aggregate fair market value of the Equipment located at such location and not subject to a Lien in favor of the Collateral Agent does not exceed \$5,000,000, (k) if the aggregate fair market value of Equipment located at the plant operated by Novelis do Brasil Ltda., at Av. Buriti, 1.087, CEP 12441-270, Feital – Pindamonhangaba-SP, Brazil (the “Specified Brazilian Expansion”) that is not pledged in favor of the Collateral Agent to secure the Secured Obligations is less than \$100,000,000, then such Equipment shall not be required to be so pledged until the earlier of (i) the date that is two years after the commencement of the Specified Brazilian Expansion, and (ii) the date that the Companies complete or otherwise discontinue work on the expansion of such plant, ~~and~~-(l) Factoring Bank Accounts in respect of any Permitted Customer Account Financing or other Permitted Factoring Facility, solely to the extent that (i) such financing or facility remains in full force and effect or, if factored receivables continue to be settled using such account, until the earlier of the date that the last such factored receivable has settled and the date that such account is closed, (ii) such Factoring Bank Accounts constitute Factoring Assets solely in respect of such Permitted Customer Account Financing or such other Permitted Factoring Facility, (iii) such Factoring Bank Accounts are segregated (and the deposits therein not commingled with Collateral) in a manner reasonably satisfactory to the Revolving Credit Administrative Agent (with written confirmation of such determination provided to the Administrative Agent), and (iv) Holdings or the Designated Company shall have executed and delivered a certificate to the Administrative Agent, no later than two Business Days after entering into a Permitted Customer Account Financing or other Permitted Factoring Facility, attaching a description of such Factoring Bank Accounts subject to such financing or facility, and certifying that the terms of such financing or facility comply with the requirements set forth in this clause (l) (Factoring Bank Accounts that continue to satisfy the requirements of subclauses (i) through (iv) of this clause (l), the “Excluded Factoring Bank Accounts”); ~~provided that~~, (m) Inventory owned by Novelis do Brasil Ltda. to the extent that a Lien over such Inventory has not been granted to the Revolving Credit Collateral Agent as a result of the Revolving Credit Collateral Agent electing not to require an update or supplemental pledge of Inventory owned by Novelis do Brasil Ltda. pursuant to the applicable Brazilian security agreement in favor of the Revolving Credit Collateral Agent, (n) (i) all Real Property owned or leased by Aleris Belgium, (ii) all other assets owned by Aleris Belgium other than Revolving Credit Priority Collateral that is pledged to the Revolving Credit Collateral Agent pursuant to the Revolving Credit Loan Documents, and (iii) all assets owned by Aleris Italy, and (o) Real Property located in Germany unless (i) to the extent a land charge already exists over such assets, the Collateral Agent requests that such land charge be assigned to the Collateral Agent or (ii) if no such land charge exists, the Collateral Agent requests that a land charge be granted over such assets in favor of the Collateral Agent, in any case under

this clause (o) provided that (x) the Collateral Agent shall be entitled to make such request for assignment or creation of a land charge, as applicable, at any time and (y) the relevant owner of such Real Property shall (even in absence of a request for assignment or creation of a land charge) enter into a German law Real Property agreement relating to its Real Property in form and substance reasonably satisfactory to the Collateral Agent; provided that with respect to Real Property located in Germany, Lenders may elect to be excluded from the benefit of any land charge granted over such assets, and in any case each Lender organized under the laws of India, Australia, Singapore, Hong Kong, Taiwan or China shall be excluded from any land charge granted in respect of Real Property located in Germany, unless such Lender expressly elects in a writing delivered to the Collateral Agent to obtain the benefit of such land charge, provided, further, that the Equity Interests issued by a Specified Aleris Subsidiary shall not constitute Excluded Equity Interests Property.

“Excluded Subsidiaries” shall mean Restricted Subsidiaries of Holdings (and, on and after the Specified AV Minerals Joinder Date, AV Minerals) that are not organized in a Principal Jurisdiction.

“Excluded Swap Obligation” shall mean, with respect to any Guarantor (or any Co-Borrower with respect to the obligations of any other Loan Party under any Hedging Agreement entered into with a counterparty that is a Secured Party), any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor (or such Co-Borrower as the case may be) of, or the grant by such Guarantor (or such Co-Borrower as the case may be) of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s (or such Co-Borrower’s as the case may be) failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor (or such Co-Borrower as the case may be) or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“Excluded Taxes” shall mean:

(a) with respect to the Agents, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Co-Borrower hereunder other than an obligation in respect of the Aleris Incremental Term Loans, (i) Taxes imposed on or measured by overall net income (however denominated), franchise Taxes (in lieu of net income taxes), and branch profits Taxes, in each case, (A) imposed as a result of such recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (B) that are Other Connection Taxes, (ii) Taxes attributable to such recipient’s failure to comply with Section 2.15(e), and (iii) any U.S. federal withholding Taxes imposed under FATCA; and

(b) with respect to the Agents, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Co-Borrower hereunder in respect of the Aleris Incremental Term Loans, (i) Taxes imposed on or measured by overall net income (however denominated), franchise Taxes (in lieu of net income taxes), and branch profits Taxes, in each case, (A) imposed as a result of such recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (B) that are Other Connection Taxes, (ii) solely to the extent that each Co-Borrower under the Aleris Incremental Term Loans is a domestic corporation as defined in Section 7701(a)(30)(C) of the Code (or is a limited liability company that is disregarded as an entity separate from its owner for United States federal income tax purposes and is wholly owned by a domestic corporation), and solely in the case of a Lender that is not a Covered Aleris Lender, withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in Aleris Incremental Term Loans (or Aleris Incremental Term Loan Commitments in respect thereof) pursuant to a law in effect on the date on which such Lender acquires such interest in such Loan or Commitment (other than pursuant to an assignment request under Section 2.16), except in each case to the extent that, pursuant to Section 2.15, amounts with respect to such Taxes were payable to such Lender's assignor immediately before such Lender became a party hereto pursuant to an Assignment and Assumption, (iii) Taxes attributable to such recipient's failure to comply with Section 2.15(e), and (iv) any U.S. federal withholding Taxes imposed under FATCA.

“Executive Order” shall have the meaning assigned to such term in Section 3.22.

“Existing Credit Agreement” shall mean that certain Amended and Restated Credit Agreement, dated as of June 2, 2015, among Novelis Inc., as borrower, the other loan parties party thereto, the lenders party thereto, Bank of America, N.A., as administrative agent and as collateral agent, and the other parties thereto, as amended, restated, supplemented or modified prior to the Closing Date.

“Existing Lien” shall have the meaning assigned to such term in Section 6.02(c).

“Factoring Assets” shall mean all existing or hereafter acquired or arising (i) Receivables that are sold, transferred or disposed of pursuant to a Permitted Factoring Facility permitted under Section 6.06(e), (ii) Related Security with respect to the Receivables referred to in clause (i) above, (iii) collections and proceeds of the Receivables and Related Security referred to in clauses (i) and (ii) above, (iv) lockboxes, lockbox accounts, collection accounts or other deposit accounts substantially all of the deposits of which consist of such collections and proceeds referred to in clause (iii) above and which have been specifically identified and consented to by the Revolving Credit Administrative Agent (the lockboxes and accounts described in this clause (iv), “Factoring Bank Accounts”), (v) without duplication of the foregoing clauses (i) through (iv), rights and payments which relate solely to the Receivables referred to in clause (i) above and (vi) cash reserves comprising credit enhancements for such Permitted Factoring Facility.

“Factoring Bank Accounts” shall have the meaning assigned to such term in clause (iv) of the definition of Factoring Assets.

“Fallback Rate” shall mean, in relation to a Borrowing, subject to Section 1.07, (a) if no Eurodollar Rate is available for the relevant currency or Interest Period, the Reference Bank Rate as of the Specified Time for the currency of that Borrowing and for a period equal in length to the Interest Period of that Borrowing, or (b) if neither a Eurodollar Rate nor a Reference Bank Rate is available for the relevant currency or Interest Period, the Cost of Funds shall apply to that Borrowing for that Interest Period.

“Fallback Rate Borrowing” shall mean a Borrowing comprised of Fallback Rate Loans.

“Fallback Rate Loan” shall mean a Term Loan that bears interest based on the Fallback Rate.

“FASB ASC” shall mean the Accounting Standards Codification of the Financial Accounting Standards Board.

“FATCA” shall mean (a) Sections 1471 to 1474 of the Code and any associated regulations; (b) any treaty, law or regulation of any other jurisdiction, or relating to any intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in clause (a) above; or (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in clauses (a) or (b) above with the IRS, the U.S. government or any governmental or taxation authority in any other jurisdiction.

“FATCA Application Date” shall mean (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the United States), July 1, 2014; (b) in relation to a “withholdable payment” described in Section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the United States), January 1, 2019; or (c) in relation to a “passthru payment” described in Section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, January 1, 2019; or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement.

“FATCA Deduction” shall mean a deduction or withholding from a payment under a Loan Document required by FATCA.

“FATCA Exempt Party” shall mean a Party that is entitled to receive payments free from any FATCA Deduction.

“Fee Letters” means the Agent Fee Letter, the Upfront Fee Letter, the Aleris Fee Letter and each Additional Fee Letter.

“Fees” shall mean the fees and prepayment premiums payable hereunder or under each Fee Letter.

“Financial Performance Covenant” shall mean the covenant set forth in [Section 6.14](#).

“Financial Officer” of any person shall mean the chief financial officer, principal accounting officer, treasurer or controller of such person.

“Financial Support Direction” shall mean a financial support direction issued by the Pensions Regulator under Section 43 of the Pensions Act 2004.

“FIRREA” shall mean the Federal Institutions Reform, Recovery and Enforcement Act of 1989, as amended.

“First Priority” shall mean, with respect to any Lien purported to be created in any Collateral pursuant to any Security Document, that such Lien is the most senior Lien to which such Collateral is subject, other than Permitted Liens of the type described in [Section 6.02\(a\), \(b\), \(c\), \(d\), \(f\), \(g\), \(h\), \(i\), \(j\), \(k\)](#) (to the extent provided in the Intercreditor Agreement), [\(n\), \(o\), \(q\), \(r\), \(s\), \(t\), \(y\), \(z\), \(bb\), \(dd\), ~~or \(ee\)~~ or \(ff\)](#) which have priority over the Liens granted pursuant to the Security Documents (and in each case, subject to the proviso to [Section 6.02](#)).

[“Flood Insurance Laws” shall mean, collectively, \(i\) the National Flood Insurance Reform Act of 1994 \(which comprehensively revised the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973\) as now or hereafter in effect or any successor statute thereto, \(ii\) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto and \(iii\) the Biggert-Waters Flood Insurance Reform Act of 2012 as now or hereafter in effect or any successor statute thereto.](#)

“Foreign Asset Sale” shall have the meaning assigned to such term in [Section 2.10\(i\)](#).

“Foreign Guarantee” shall have the meaning assigned to such term in [Section 7.01](#).

“Foreign Lender” shall mean a Lender that is not a U.S. Person.

“Foreign Plan” shall mean any pension or other employee benefit or retirement plan, program, policy, arrangement or agreement maintained or contributed to by any Company with respect to employees employed outside the United States, other than government sponsored pension, healthcare, prescription drugs, employment insurance, parental insurance or workers compensation plans.

“Foreign Subsidiary” shall mean a Subsidiary that is organized under the laws of a jurisdiction other than the United States or any state thereof or the District of Columbia.

“French Collateral Agent” shall mean Standard Chartered Bank, in its capacity as security agent (agent des sûretés), under the French Security Agreements and any of its successors or assigns; provided that (A) with respect to any French Security Agreements entered into prior to the Second Amendment Effective Date and any security interests granted under any such French Security Agreements, the French Collateral Agent is appointed by the Lenders to act on their behalf as security agent (agent des sûretés) to constitute (constituer), register (inscrire), manage (gérer) and enforce (réaliser) the security interests contemplated by such French Security Agreements in order to fully secure and guarantee their respective rights in each amount payable by each French Guarantor or each Person who is the holder of Equity Interests in any French Guarantor to each of the Secured Parties under each of the Loan Documents, and in that capacity to accomplish all actions and formalities eventually necessary under article 2328-1 of the French code civil (as enacted as of the Effective Date), and (B) with respect to any French Security Agreements entered into on or after the Second Amendment Effective Date and any security interests granted under any such French Security Agreements, the French Collateral Agent is appointed by the Lenders as security agent (agent des sûretés) for the purposes, inter alia, of taking, receiving, administering and enforcing the security interests contemplated by such French Security Agreements in the French Collateral Agent’s own name and for the benefit of the Secured Parties, as creditors of the Secured Obligations, in accordance with articles 2488-6 to 2488-12 of the French code civil, it being provided that, with respect to the appointment of the French Collateral Agent as security agent (agent des sûretés) in this paragraph (B), each of the provisions of Article X hereof shall apply with respect to such appointment and is repeated mutatis mutandis in this paragraph (B), and each of the parties hereto acknowledge and agree that in accordance with such appointment as security agent (agent des sûretés):

(a) the security agent (agent des sûretés), shall, in such capacity, be the direct title holder (titulaire) of any security interests contemplated by the French Security Agreements and the direct beneficiary of such security interests;

(b) the rights and assets acquired by the security agent (agent des sûretés) in carrying out its functions in such capacity will constitute separate property (patrimoine affecté) allocated thereto, distinct from its own property (patrimoine propre);

(c) the provisions of Article X hereof set forth the capacity in which the security agent (agent des sûretés) has been so appointed, the purpose and the term of such appointment and the scope of its power in connection with such appointment for the purposes of article 2488-7 of the French code civil; and

(d) the security agent (agent des sûretés) shall be entitled, without being required to prove the existence of a special mandate, to exercise any action necessary in order to defend the interests of the creditors of the Secured Obligations in connection with the security interests

contemplated by the French Security Agreements, including filing claims in insolvency proceedings.

“French Guarantor” shall mean each Restricted Subsidiary of the Designated Company organized in France party hereto as a Guarantor, and each other Restricted Subsidiary of the Designated Company organized in France that becomes a Guarantor pursuant to the terms hereof.

“French Security Agreement” shall mean, collectively, (i) any Security Agreements, including all sub-parts thereto, among any French Guarantors (and such other Persons as may be party thereto) and the French Collateral Agent for the benefit of the Secured Parties, (ii) each pledge agreement, mortgage, security agreement, guarantee or other agreement that is entered into by any French Guarantor or any Person who is the holder of Equity Interests in any French Guarantor and the French Collateral Agent for the benefit of the Secured Parties (and such other Persons as may be party thereto), and (iii) any other pledge agreement, mortgage, security agreement or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of France (or any subdivision thereof), securing the Secured Obligations, and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“Fund” shall mean any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“Funded Debt” shall mean, as to any person, all Indebtedness of such person that matures more than one year from the date of its creation or matures within one year from such date but is renewable or extendible, at the option of such person, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all current maturities and current sinking fund payments in respect of such Indebtedness whether or not required to be paid within one year from the date of its creation and, in the case of the Designated Company and its Subsidiaries, Indebtedness in respect of the Loans and the Revolving Credit Loans.

“Funding Rate” shall mean any individual rate notified by a Lender to the Administrative Agent pursuant to the definition of Cost of Funds.

“GAAP” shall mean generally accepted accounting principles in the United States applied on a consistent basis; provided that if the Designated Company converts its financial reporting from generally accepted accounting principles in the United States to IFRS as permitted under Section 1.04, “GAAP” shall mean (subject to the provisions of Section 1.04 hereof) IFRS applied on a consistent basis.

“German Borrower Holding Company” means, on and after the Aleris Acquisition Closing Date, each Subsidiary of Aleris Germany that directly or indirectly owns Equity Interests in Aleris Rolled Products or Aleris Casthouse.

“German Guarantor” shall mean each Restricted Subsidiary of the Designated Company organized in Germany party hereto as a Guarantor, and each other Restricted Subsidiary of the Designated Company organized in Germany that becomes a Guarantor pursuant to the terms hereof.

“German Receivables Purchase Agreement” shall have the meaning assigned to such term in the definition of “Receivables Purchase Agreement”.

“German Security Agreement” shall mean, collectively, (i) any Security Agreement, including all sub-parts thereto, among any German Guarantors (and such other Persons as may be party thereto) and the Collateral Agent and/or the Revolving Credit Collateral Agent in its capacity as agent for the Secured Parties pursuant to the terms of the Intercreditor Agreement and the other Loan Documents, among others, for the benefit of the Secured Parties, (ii) each pledge agreement, mortgage, security agreement, guarantee or other agreement that is entered into by any German Guarantor or any Person who is the holder of Equity Interests in any German Guarantor in favor of the Collateral Agent and/or the Revolving Credit Collateral Agent in its capacity as agent for the Secured Parties pursuant to the terms of the Intercreditor Agreement and the other Loan Documents, and (iii) any other pledge agreement, mortgage, security agreement or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of Germany (or any subdivision thereof), securing the Secured Obligations, and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“German Seller” shall mean Novelis Deutschland GmbH, a company organized under the laws of Germany (including in its roles as seller and collection agent under the German Receivables Purchase Agreement).

“Governmental Authority” shall mean the government of the United States or any other nation, or of any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Governmental Real Property Disclosure Requirements” shall mean any Requirement of Law of any Governmental Authority requiring notification of the buyer, lessee, mortgagee, assignee or other transferee of any Real Property, facility, establishment or business, or notification, registration or filing to or with any Governmental Authority, in connection with the

sale, lease, mortgage, assignment or other transfer (including any transfer of control) of any Real Property, facility, establishment or business, of the actual or threatened presence or Release in or into the Environment, or the use, disposal or handling of Hazardous Material on, at, under or near the Real Property, facility, establishment or business to be sold, leased, mortgaged, assigned or transferred.

“Guarantee Payment” shall have the meaning assigned to such term in Section 7.12(b).

“Guaranteed Obligations” shall have the meaning assigned to such term in Section 7.01.

“Guarantees” shall mean the guarantees issued pursuant to ARTICLE VII by the Guarantors.

“Guarantors” shall mean Holdings and the Subsidiary Guarantors (including Holdings and each Canadian Guarantor, each U.S. Guarantor, each Swiss Guarantor, each U.K. Guarantor, each German Guarantor, each Irish Guarantor, each Brazilian Guarantor, each French Guarantor, each Dubai Guarantor, each Dutch Guarantor, each Belgian Guarantor, and each other Restricted Subsidiary of the Designated Company that becomes a Guarantor hereunder), and, on and after the Specified AV Minerals Joinder Date, AV Minerals.

“Hazardous Materials” shall mean the following: hazardous substances; hazardous wastes; polychlorinated biphenyls (“PCBs”) or any substance or compound containing PCBs; asbestos or any asbestos-containing materials in any form or condition; radon or any other radioactive materials including any source, special nuclear or by-product material; petroleum, crude oil or any fraction thereof; and any other pollutant or contaminant or chemicals, wastes, materials, compounds, constituents or substances, subject to regulation under or which can give rise to liability (including, but not limited to, due to their ignitability, corrosivity, reactivity or toxicity) under any Environmental Laws.

“Hedging Agreement” shall mean any swap, cap, collar, forward purchase or similar agreements or arrangements dealing with interest rates, currency exchange rates or commodity prices, either generally or under specific contingencies entered into for the purposes of hedging a Company’s exposure to interest or exchange rates, loan credit exchanges, security or currency valuations or commodity prices, in each case not for speculative purposes.

“Hedging Obligations” shall mean obligations under or with respect to Hedging Agreements.

“Hindalco” shall mean Hindalco Industries Limited, a corporation organized under the laws of India.

“Holdings” shall mean (i) prior to the consummation of the Permitted Holdings Amalgamation, (x) if any transaction described in clause (b), (c) or (f) of the definition of Permitted Reorganization Action has not occurred, AV Metals or (y) AV Minerals, and (ii) upon and after the consummation of the Permitted Holdings Amalgamation, Successor Holdings.

“IFRS” shall mean International Financial Reporting Standards consistently applied.

“Immaterial Subsidiary” shall mean, at any date of determination, any Subsidiary that, together with all other Subsidiaries then constituting Immaterial Subsidiaries (i) contributed 5.0% or less of Consolidated EBITDA for the period of four fiscal quarters most recently ended for which financial statements have been or are required to have been delivered pursuant to Section 5.01(a) or 5.01(b) prior to the date of determination, (ii) had consolidated assets representing 5.0% or less of the Consolidated Total Assets on the last day of the most recent fiscal quarter ended for which financial statements have been or are required to have been delivered pursuant to Section 5.01(a) or 5.01(b) prior to the date of determination, and (iii) is not a Loan Party on the Closing Date.

“Increase Effective Date” shall have the meaning assigned to such term in Section 2.23(a).

“Increase Joinder” shall have the meaning assigned to such term in Section 2.23(c).

“Incremental Mandated Lead Arrangers” shall mean ABN AMRO Capital USA LLC, Australia and New Zealand Banking Group Limited, Axis Bank Limited, Bank of America, N.A., Barclays Bank PLC, Citigroup Global Markets Asia Limited, Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., Deutsche Bank Securities Inc., First Abu Dhabi Bank USA N.V., HSBC Securities (USA) Inc., ICICI Bank Limited, New York Branch, ING Bank N.V., Singapore Branch, JPMorgan Chase Bank, N.A., Mizuho Bank, Ltd., MUFG Bank, Ltd., Societe Generale, Hong Kong Branch, Standard Chartered Bank, State Bank of India, and Sumitomo Mitsui Banking Corporation Singapore Branch.

“Incremental OID” shall have the meaning assigned to such term in Section 2.23(c).

“Incremental Net Yield” shall have the meaning assigned to such term in Section 2.23(c).

“Incremental Term Loan” shall have the meaning assigned to such term in Section 2.23(c).

“Incremental Term Loan Commitment” shall have the meaning assigned to such term in Section 2.23(a).

“Incremental Term Loan Maturity Date” shall have the meaning assigned to such term in Section 2.23(c).

“Indebtedness” of any person shall mean, without duplication, (a) all obligations of such person for borrowed money or advances; (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments; (c) all obligations of such person under conditional sale or other title retention agreements relating to property purchased by such person; (d) all obligations of such person issued or assumed as the deferred purchase price of property or services (excluding trade accounts payable and accrued obligations incurred in the ordinary course of business on normal trade terms and not overdue by more than ninety (90) days (other than such overdue trade accounts payable being contested in good faith and by proper proceedings, for which appropriate reserves are being maintained with respect to such circumstances in accordance with US GAAP or other applicable accounting standards)); (e) all Indebtedness of others secured by any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed, but limited to the fair market value of such property; (f) all Capital Lease Obligations, Purchase Money Obligations and Synthetic Lease Obligations of such person; (g) all Hedging Obligations to the extent required to be reflected on a balance sheet of such person; (h) all Attributable Indebtedness of such person; (i) all obligations of such person for the reimbursement of any obligor in respect of letters of credit, letters of guaranty, bankers’ acceptances and similar credit transactions; (j) all obligations of such person under any Qualified Securitization Transaction; and (k) all Contingent Obligations of such person in respect of Indebtedness or obligations of others of the kinds referred to in clauses (a) through (j) above. The Indebtedness of any person shall include the Indebtedness of any other entity (including any partnership in which such person is a general partner) to the extent such person is liable therefor as a result of such person’s ownership interest in or other relationship with such entity, except (other than in the case of general partner liability) to the extent that the terms of such Indebtedness expressly provide that such person is not liable therefor.

“Indemnified Taxes” shall mean (a) all Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“Indemnitee” shall have the meaning assigned to such term in Section 11.03(b).

“Information” shall have the meaning assigned to such term in Section 11.12.

“Initial Maturity Date” shall mean June 2, 2022.

“Initial Term Loans” shall mean the Term Loans made on the Closing Date under Section 2.01(a).

“Instruments” shall mean all “instruments,” as such term is defined in the UCC, in which any Person now or hereafter has rights.

“Insurance Policies” shall mean the insurance policies and coverages required to be maintained by each Loan Party which is an owner of Mortgaged Property with respect to the applicable Mortgaged Property pursuant to Section 5.04 and all renewals and extensions thereof.

“Insurance Requirements” shall mean, collectively, all provisions of the Insurance Policies, all requirements of the issuer of any of the Insurance Policies and all orders, rules, regulations and any other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) binding upon each Loan Party which is an owner of Mortgaged Property and applicable to the Mortgaged Property or any use or condition thereof.

“Intellectual Property” shall have the meaning assigned to such term in Section 3.06(a).

“Interbank Rate” shall mean, for any period, the Administrative Agent’s cost of funds for such period.

“Intercompany Notes” shall mean one or more promissory notes substantially in the form of Exhibit P, or such other form as may be agreed to by the Administrative Agent in its sole discretion.

“Intercreditor Agreement” shall mean that certain Intercreditor Agreement dated as of December 17, 2010 by and among (i) the Companies party thereto, (ii) the Administrative Agent and the Collateral Agent (each pursuant to an intercreditor joinder agreement, dated as of the Closing Date, substantially in the form of Exhibit B to the Intercreditor Agreement), (iii) the Revolving Credit Administrative Agent and the Revolving Credit Collateral Agent (each pursuant to an intercreditor joinder agreement dated as of May 13, 2013), and (iv) such other persons as may become party thereto from time to time pursuant to the terms thereof, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Interest Election Request” shall mean a request by a Co-Borrower to convert or continue a Borrowing in accordance with Section 2.08(b), substantially in the form of Exhibit E.

“Interest Payment Date” shall mean, (a) with respect to any Borrowing, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part, and (b) with respect to any Term Loan, the Maturity Date of such Term Loan.

“Interest Period” shall mean, with respect to any Eurodollar Rate Borrowing or Fallback Rate Borrowing, as applicable, the period commencing on the date of such Borrowing and ending

on the numerically corresponding day in the calendar month that is three months thereafter, as the applicable Co-Borrower may elect; provided that, for any Interest Periods commencing prior to the Syndication Termination Date, the first two Interest Periods shall each be one month, and the third Interest Period shall commence upon the expiration of the second Interest Period and terminate on March 31, 2017; provided that, for any Interest Periods in respect of any Aleris Incremental Term Loans commencing prior to the Aleris Syndication Termination Date, such Interest Periods shall each be one month; provided, further, that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the immediately preceding Business Day, (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, (c) such Co-Borrower shall not select an Interest Period for a Class of Term Loans that would extend beyond the Latest Maturity Date of the applicable Class of such Term Loans, (d) such Co-Borrower shall not select an Interest Period for a Class of Term Loans that would extend beyond the next succeeding Term Loan Repayment Date, and (e) the Interest Period for any Credit Extension other than the first Credit Extension shall end on the same day as the then-current Interest Period in relation to the first Credit Extension under this Agreement. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Internally Generated Cash Flow” shall mean cash generated by the Designated Company and its Restricted Subsidiaries in the ordinary course of business, and in any event excluding (i) proceeds of Casualty Events and Asset Sales under Section 6.06(b), (e), (i), (j), (l), (q), (r) and (s), (ii) proceeds of Indebtedness other than borrowings under the Revolving Credit Facility and intercompany loans from another Company funded in the ordinary course of operations (and not from sources otherwise not constituting Internally Generated Cash Flow) and (iii) proceeds of issuances of Equity Interests other than to another Company funded in the ordinary course of operations (and not from sources otherwise not constituting Internally Generated Cash Flow).

“Interpolated Screen Rate” shall mean, in relation to any Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan, each as of approximately 11:00 a.m. (London time) on the date that is two London Banking Days prior to the commencement of such Interest Period for the currency of that Loan.

“Inventory” shall mean all “inventory,” as such term is defined in the UCC, wherever located, in which any Person now or hereafter has rights.

“Investment Recapture Amount” shall have the meaning assigned to such term in Section 6.04(r)(iv).

“Investments” shall have the meaning assigned to such term in Section 6.04.

“Irish Companies Act” shall mean the Companies Act, 2014 of Ireland (as amended, re-enacted, varied or otherwise modified from time to time).

“Irish Guarantor” shall mean each Restricted Subsidiary of the Designated Company incorporated in Ireland party hereto as a Guarantor, and each other Restricted Subsidiary of the Designated Company incorporated in Ireland that becomes a Guarantor pursuant to the terms hereof.

“Irish Security Agreement” shall mean, collectively, (i) any Security Agreement, including all sub-parts thereto, among any Irish Guarantors (and such other Persons as may be party thereto) and the Collateral Agent, among others, for the benefit of the Secured Parties, (ii) each pledge agreement, mortgage, security agreement, guarantee, charge, assignment, deed or other agreement that is entered into by any Irish Guarantor or any Person who is the holder of Equity Interests in any Irish Guarantor in favor of the Collateral Agent and/or the Revolving Credit Collateral Agent in its capacity as agent for the Secured Parties pursuant to the terms of the Intercreditor Agreement and the other Loan Documents, and (iii) any other pledge agreement, mortgage, security agreement or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of Ireland (or any subdivision thereof), securing the Secured Obligations (or any part thereof), entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“IRS” shall mean the United States Internal Revenue Service.

“Joinder Agreement” shall mean a joinder agreement substantially in the form of Exhibit F, or such other form as may be agreed to by the Administrative Agent in its sole discretion.

“Joint Venture” shall mean any person (a) that is not a direct or indirect Subsidiary of Holdings (and, on and after the Specified AV Minerals Joinder Date, AV Minerals) and (b) in which the Designated Company, in the aggregate, together with its Subsidiaries, is directly or indirectly, the beneficial owner of 5% or more of any class of Equity Interests of such person.

“Joint Venture Subsidiary” shall mean each of (i) Aluminum Company of Malaysia Berhad and (ii) any other person that is a Subsidiary in which persons other than Holdings or its

Affiliates own 10% or more of the Equity Interests of such person, excluding, to the extent they become Restricted Subsidiaries of the Designated Company after the Closing Date, Logan and Norf GmbH.

“Judgment Currency” shall have the meaning assigned to such term in Section 11.18(a).

“Judgment Currency Conversion Date” shall have the meaning assigned to such term in Section 11.18(a).

“Junior Lien” shall mean a Lien designated as a “Subordinated Lien” under the Intercreditor Agreement on all or any portion of the Collateral, but only to the extent (i) any such Lien constitutes “Subordinated Liens” under, and as defined in, the Intercreditor Agreement (it being understood that such Subordinated Lien will be a junior, “silent” lien with respect to the Liens securing the Secured Obligations, as provided in the Intercreditor Agreement) and (ii) the holders of such Indebtedness (or a trustee, agent or other representative of such holders) secured by such Lien have become a party to the Intercreditor Agreement through the execution and delivery of joinders thereto.

“Junior Secured Indebtedness” shall mean Indebtedness of a Loan Party that is secured by a Junior Lien.

“Known Affiliate” of any person shall mean, as to such person, known Affiliates readily identifiable by name, but excluding any Affiliate (a) that is a bona fide debt fund or investment vehicle that is primarily engaged in, or that advises funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, bonds or similar extensions of credit or securities in the ordinary course and with respect to which the Disqualified Institution does not, directly or indirectly, possess the power to direct or cause the direction of the investment policies of such entity or (b) that is a banking or lending institution engaged in the business of making loans.

“Land Registry” shall mean the Land Registry of England and Wales.

“Landlord Access Agreement” shall mean a Landlord Access Agreement, substantially in the form of Exhibit G, or such other form as may reasonably be acceptable to the Administrative Agent.

“Latest Maturity Date” shall mean, at any date of determination, the latest maturity or expiration date applicable to any Loan hereunder at such time, including the latest maturity or expiration date of any Initial Term Loan, Incremental Term Loan, Aleris Incremental Term Loan, Other Term Loan, any Other Term Loan Commitment or Incremental Term Loan Commitment, in each case as extended in accordance with this Agreement from time to time.

“Leases” shall mean any and all leases, subleases, tenancies, options, concession agreements, rental agreements, occupancy agreements, franchise agreements, access agreements and any other agreements (including all amendments, extensions, replacements, renewals, modifications and/or guarantees thereof), whether or not of record and whether now in existence or hereafter entered into, affecting the use or occupancy of all or any portion of any Real Property.

“Lenders” shall mean (a) each financial institution that is a party hereto on the Effective Date, (b) any financial institution that has become a party hereto pursuant to an Assignment and Assumption, other than, in each case, any such financial institution that has ceased to be a party hereto pursuant to an Assignment and Assumption and (c) each Additional Lender that executes an Increase Joinder in accordance with Section 2.23 hereof (excluding, in each case, any such financial institution or Additional Lender to the extent it holds no Commitments and all Obligations owing to it have been paid).

“Lien” shall mean, with respect to any property, (a) any mortgage (or mandate to vest a mortgage), deed of trust, lien, pledge, encumbrance, charge, assignment, hypothecation, prior claim, security interest or similar encumbrance of any kind or any arrangement to provide priority or preference in respect of such property or any filing of any financing statement or any financing change statement under the UCC, the PPSA or any other similar notice of lien under any similar notice or recording statute of any Governmental Authority (other than any unauthorized notice or filing filed after the Closing Date for which there is not otherwise any underlying lien or obligation, so long as the Designated Company is (if aware of same) using commercially reasonable efforts to cause the removal of same), including any easement, right-of-way or other encumbrance on title to Real Property, in each of the foregoing cases whether voluntary or imposed by law, and any agreement to give any of the foregoing; (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such property; and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“Liquidity” shall mean as of any date of determination, the sum of (i) Unrestricted Cash of the Designated Company and its Restricted Subsidiaries as of such date plus (ii) unutilized and available commitments under the Revolving Credit Agreement.

“Loan Documents” shall mean this Agreement, the Intercreditor Agreement, the Contribution, Intercompany, Contracting and Offset Agreement, the Subordination Agreement, the Notes (if any), the Security Documents, each Foreign Guarantee, each Fee Letter, each Hedging Agreement entered into with any Secured Hedge Provider (provided that such Hedging Agreements shall be deemed not to be Loan Documents for purposes of the definitions of FATCA Deduction, Indemnified Taxes, Other Connection Taxes, Other Taxes, Permitted Customer Account Financing, Permitted German Alternative Financing, Permitted Holdings Amalgamation, Permitted Novelis Switzerland Financing, Permitted Reorganization, Permitted Revolving Credit Facility Refinancing Transactions and U.S. Tax Obligor, Sections 1.03 and 1.04 and Articles II, III, IV, V, VI, VIII and XI hereof), and all other pledges, powers of attorney, consents,

assignments, certificates, agreements or documents, whether heretofore, now or hereafter executed by or on behalf of any Loan Party for the benefit of any Agent or any Lender in connection with this Agreement.

“Loan Modification Agreement” shall have the meaning assigned to such term in Section 11.02(f)(ii).

“Loan Modification Offer” shall have the meaning assigned to such term in Section 11.02(f)(i).

“Loan Parties” shall mean Holdings, the Co-Borrowers, the Subsidiary Guarantors and, on and after the Designated Holdco Effective Date, Designated Holdco, and, on and after the Specified AV Minerals Joinder Date, to the extent that Holdings is not AV Minerals, AV Minerals.

“Loans” shall mean Term Loans.

“Logan” shall mean Logan Aluminum Inc., a Delaware corporation.

“Logan Location” shall mean the premises of Logan Aluminum Inc., Route 431, North Russellville, Kentucky 42276.

“London Banking Day” shall mean any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank Eurodollar market.

“Management Fees” shall have the meaning assigned to such term in Section 6.08(c)(C).

“Mandated Lead Arrangers” shall mean Australia and New Zealand Banking Group Limited, Axis Bank Limited, Bank of Baroda, Barclays Bank PLC, Citigroup Global Markets Asia Limited, ICICI Bank Limited and/or its Affiliates, ING Bank N.V., Singapore Branch, Kotak Mahindra Bank Limited, Standard Chartered Bank, State Bank of India and MUFG Bank, Ltd. (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.), in their capacities as Mandated Lead Arrangers and Bookrunners under this Agreement.

“Margin Stock” shall have the meaning assigned to such term in Regulation U.

“Material Adverse Effect” shall mean (a) a material adverse effect on the business, property, results of operations, or financial condition of the Loan Parties and their Restricted Subsidiaries, taken as a whole; (b) a material impairment of the ability of the Loan Parties to

perform their payment and other material obligations under the Loan Documents; (c) a material impairment of the rights of or benefits or remedies available to the Lenders, the Collateral Agent or the Administrative Agent under the Loan Documents, taken as a whole; or (d)(i) a material adverse effect on the Revolving Credit Priority Collateral or the Liens in favor of the Collateral Agent (for its benefit and for the benefit of the other Secured Parties) on such Collateral or the priority of such Liens, in each case for this clause (d)(i) taken as a whole, or (ii) a material adverse effect on the Pari Passu Priority Collateral or the Liens in favor of the Collateral Agent (for its benefit and for the benefit of the other Secured Parties) on such Collateral or the priority of such Liens, in each case for this clause (d)(ii) taken as a whole.

“Material Indebtedness” shall mean (a) Indebtedness under the Revolving Credit Loan Documents and any Permitted Revolving Credit Facility Refinancings thereof, (b) the Permitted Short Term Indebtedness, (c) Indebtedness under the Senior Notes, the Additional Senior Secured Indebtedness, the Junior Secured Indebtedness and any Permitted Refinancings of any thereof in each case in an aggregate outstanding principal amount exceeding \$100,000,000 and (d) any other Indebtedness (other than the Loans and intercompany Indebtedness of the Companies permitted hereunder) of the Loan Parties in an aggregate outstanding principal amount exceeding \$100,000,000.

“Material Subsidiary” shall mean any Subsidiary of the Designated Company that is not an Immaterial Subsidiary.

“Maturity Date” shall mean (i) with respect to the Term Loans made on the Closing Date, the Initial Maturity Date, (ii) with respect to any tranche of Other Term Loans (excluding the Term Loans made on the Closing Date), the final maturity date as specified in the applicable Refinancing Amendment, (iii) with respect to the Aleris Incremental Term Loans, the Aleris Incremental Maturity Date, and (iv) with respect to any Incremental Term Loans (other than the Aleris Incremental Term Loans), the final maturity date as specified in the applicable Increase Joinder; provided that if any such day is not a Business Day, the applicable Maturity Date shall be the Business Day immediately succeeding such day.

“Maximum Rate” shall have the meaning assigned to such term in Section 11.14.

“Maximum Revolving Credit Facility Amount” shall mean, at any time, an amount equal to the greater of (x) \$2,250,000,000 and (y) the Borrowing Base.

“Minimum Amount” shall mean an integral multiple of \$1,000,000 and not less than \$5,000,000.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Mortgage” shall mean an agreement, including, but not limited to, a mortgage, charge, deed of trust, deed of hypothec or any other document, creating and evidencing a Lien on a Mortgaged Property, which shall be substantially in the form of Exhibit J or, subject to the terms of the Intercreditor Agreement, other form reasonably satisfactory to the Collateral Agent, in each case, with such schedules and including such provisions as shall be necessary to conform such document to applicable local or foreign law or as shall be customary under applicable local or foreign law.

“Mortgaged Property” shall mean, subject to Section 5.15, (a) each Real Property identified as a Mortgaged Property on Schedule 8(a) to any Perfection Certificate dated the Closing Date, (b) each future Real Property covered by the terms of any Mortgage, and (c) each Real Property, if any, which shall be subject to a Mortgage (or other Lien created by a Security Document) delivered after the Closing Date pursuant to Section 5.11(c).

“Multiemployer Plan” shall mean a multiemployer plan within the meaning of Section 4001(a)(3) or Section 3(37) of ERISA (a) to which any Company or any ERISA Affiliate is then making or accruing an obligation to make contributions; (b) to which any Company or any ERISA Affiliate has within the preceding six plan years made contributions; or (c) with respect to which any Company could incur liability.

“Net Cash Proceeds” shall mean:

(a) with respect to any Asset Sale, the cash proceeds received by Holdings, the Designated Company or any of its Restricted Subsidiaries (or, on and after the Specified AV Minerals Joinder Date, AV Minerals) (including cash proceeds subsequently received (as and when received by Holdings, the Designated Company or any of its Restricted Subsidiaries or, on and after the Specified AV Minerals Joinder Date, AV Minerals) in respect of non-cash consideration initially received) net of (without duplication) (i) selling expenses (including reasonable brokers’ fees or commissions, legal, accounting and other professional and transactional fees, transfer and similar taxes and the Designated Company’s good faith estimate of income taxes paid or payable in connection with such sale and repatriation Taxes that are or would be payable in connection with any sale by a Restricted Subsidiary); (ii) amounts provided as a reserve, in accordance with GAAP, against (x) any liabilities under any indemnification obligations associated with such Asset Sale or (y) any other liabilities retained by Holdings, the Designated Company or any of its Restricted Subsidiaries (or, on and after the Specified AV Minerals Joinder Date, AV Minerals) associated with the properties sold in such Asset Sale (provided that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds); (iii) the Designated Company’s good faith estimate of payments required to be made with respect to unassumed liabilities relating to the properties sold within ninety (90) days of such Asset Sale (provided that, to the extent such cash proceeds are not used to make payments in respect of such unassumed liabilities within ninety (90) days of such Asset Sale, such cash proceeds shall constitute Net Cash Proceeds); (iv) the principal amount, premium or penalty, if any, interest and other amounts on any Indebtedness for borrowed money (other than the Revolving Credit Loans or the Loans) which is secured by a Lien on the properties

sold in such Asset Sale (so long as such Lien was permitted to encumber such properties under the Loan Documents at the time of such sale) and which is repaid with such proceeds (other than any such Indebtedness assumed by the purchaser of such properties); and (v) so long as any Revolving Credit Loans remain outstanding, the proceeds of any Revolving Credit Priority Collateral of any Loan Party sold in such Asset Sale (which shall include, for the avoidance of doubt, the portion of the sale price of the Equity Interests or all or substantially all of the property, assets or business of any Restricted Subsidiary of Holdings (and, on and after the Specified AV Minerals Joinder Date, AV Minerals) consisting of the net book value of any such Revolving Credit Priority Collateral);

(b) with respect to any Debt Issuance or any Disqualified Capital Stock, the cash proceeds thereof, net of customary fees, commissions, costs and other expenses incurred in connection therewith;

(c) with respect to any issuance of Equity Interests (other than Preferred Stock) by Holdings, Designated Holdco ~~or~~, the Borrower or, on and after the Specified AV Minerals Joinder Date, AV Minerals, the cash proceeds thereof, net of customary fees, commissions, costs and other expenses incurred in connection therewith; and

(d) with respect to any Casualty Event, the cash insurance proceeds, condemnation awards and other compensation received in respect thereof, net of (i) all reasonable costs and expenses incurred in connection with the collection of such proceeds, awards or other compensation in respect of such Casualty Event; and (ii) so long as any Revolving Credit Loans remain outstanding, any such cash insurance proceeds, condemnation awards and other compensation received in respect of Revolving Credit Priority Collateral of any Loan Party to the extent such amounts are required to be (and are) applied to the repayment of the Revolving Credit Loans pursuant to the terms of the Revolving Credit Agreement;

provided, however, that Net Cash Proceeds arising from any Asset Sale or Casualty Event by or applicable to a non-Wholly Owned Subsidiary (provided that Aleris German GP Holdco and each Subsidiary of Aleris Germany shall not be considered a non-Wholly Owned Subsidiary for purposes of this definition) shall equal the amount of such Net Cash Proceeds calculated as provided above less the percentage thereof equal to the percentage of any Equity Interests of such non-Wholly Owned Subsidiary not owned by Holdings (and, on and after the Specified AV Minerals Joinder Date, AV Minerals), the Designated Company and its Restricted Subsidiaries.

“Net Cash Proceeds Account” shall mean any Deposit Account or Securities Account established by any Co-Borrower or any Guarantor with one or more financial institutions which has a credit rating with respect to its long term unsecured debt of at least “A” by S&P or “A2” by Moody’s that (i) is subject to a Control Agreement, (ii) is subject to a First Priority security interest in favor of the Collateral Agent for the ratable benefit of the Secured Parties to secure the Secured Obligations and (iii) solely contains proceeds of Pari Passu Priority Collateral (and any products of such proceeds), and which has been designated in writing to the Revolving Credit Agents as a “Net Cash Proceeds Account” on or prior to the time that the Net Cash Proceeds from any sale of

Pari Passu Priority Collateral shall be deposited therein, pending application of such proceeds (and any products of such proceeds) in accordance with the terms hereof.

“Net Working Capital” shall mean, at any time, Consolidated Current Assets at such time minus Consolidated Current Liabilities at such time.

“NKL” shall mean Novelis Korea Limited.

“NKL Share Repurchase” shall mean the repurchase by NKL of Equity Interests of NKL for cash consideration derived from all or a portion of the proceeds of the Ulsan Share Sale, which may be structured as a share cancellation, a reduction in par value, a share consolidation and reduction in share value, or any other legal structure resulting in the reduction of Equity Interests in NKL in exchange for cash consideration.

“Non-consolidated Affiliate” shall mean (a) Norf GmbH, MiniMRF LLC (Delaware), and Consorcio Candonga (unincorporated Brazil), in each case so long as they are not a Subsidiary of the Designated Company, (b) the Ulsan JV Subsidiary, solely to the extent that (i) such Person is not otherwise included in the consolidated financial results of the Designated Company and its Restricted Subsidiaries and (ii) the requirement set forth in clause (c)(ii) below remains true in respect of the Ulsan JV Subsidiary, and (c) any other Person formed or acquired by the Designated Company or any of its Restricted Subsidiaries, in the case of this clause (c), so long as (i) such Person is not a Subsidiary of the Designated Company and (ii) the Designated Company owns, directly or indirectly, Equity Interests in such Restricted Subsidiary representing at least 50% of the voting power of all Equity Interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Board of Directors (or equivalent governing body) of such Person.

“Non-consolidated Affiliate Debt” shall mean with respect to the Non-consolidated Affiliates, as of any date of determination and without duplication, the Consolidated Total Net Debt of the Non-consolidated Affiliates and their Subsidiaries (determined as if references to the Designated Company and the Restricted Subsidiaries in the definition of Consolidated Total Net Debt were references to Non-consolidated Affiliates and their Subsidiaries).

“Non-consolidated Affiliate EBITDA” shall mean with respect to the Non-consolidated Affiliates for any period, the amount for such period of Consolidated EBITDA of such Non-consolidated Affiliates and their Subsidiaries (determined as if references to the Designated Company and the Restricted Subsidiaries in the definition of Consolidated EBITDA were references to Non-consolidated Affiliates and their Subsidiaries); provided that Non-consolidated Affiliate EBITDA shall not include the Non-consolidated Affiliate EBITDA of Non-consolidated Affiliates if such Non-consolidated Affiliates are subject to a prohibition, directly or indirectly, on the payment of dividends or the making of distributions, directly or indirectly, to the Designated Company or any Co-Borrower, to the extent of such prohibition.

“Non-Guarantor Subsidiary” shall mean each Subsidiary that is not a Guarantor.

“Non-Loan Party Jurisdiction” shall mean each country (including any state, province or other political subdivision thereof) other than (i) the United States, Canada, the United Kingdom, Switzerland and Germany, (ii) any other country in which a Loan Party is organized and (iii) any state, province or other political subdivision of the foregoing.

“Non-Principal Jurisdiction” shall mean each country in which a Loan Party is organized (and any state, province or other political subdivision thereof) other than (i) the United States, Canada, the United Kingdom, Switzerland, Belgium, the Netherlands and Germany, (ii) any other country in which a Loan Party is organized in respect of which Accounts are included in the borrowing base for purposes of the Revolving Credit Agreement and (iii) any state, province or other political subdivision of the foregoing clauses (i) and (ii).

“Norf GmbH” shall mean Aluminium Norf GmbH, a limited liability company (GmbH) organized under the laws of Germany.

“Notes” shall mean any notes evidencing the Terms Loans issued pursuant to this Agreement, if any, substantially in the form of Exhibit K.

“Novelis Acquisitions” shall mean Novelis Acquisitions LLC, a Delaware limited liability company.

“Novelis AG” shall mean Novelis AG, a stock corporation (AG) organized under the laws of Switzerland.

“Novelis AG Cash Pooling Agreement” shall mean a Cash Management Agreement entered into among Novelis AG and certain “European Affiliates” (as identified therein) dated 1 February 2007, together with all ancillary documentation thereto.

“Novelis Inc.” shall mean Novelis Inc., a corporation amalgamated under the Canada Business Corporations Act.

“Novelis Switzerland” shall mean Novelis Switzerland SA, a company organized under the laws of Switzerland.

“Obligation Currency” shall have the meaning assigned to such term in Section 11.18(a).

“Obligations” shall mean (a) obligations of the Co-Borrowers and the other Loan Parties from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing (and interest that would have accrued but for such proceeding) during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (ii) all other monetary obligations, including obligations under the Guarantees and fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Co-Borrowers and the other Loan Parties under this Agreement and the other Loan Documents, and (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Co-Borrowers and the other Loan Parties under or pursuant to this Agreement and the other Loan Documents. The Obligations shall not include any Excluded Swap Obligations.

“OFAC” shall have the meaning assigned to such term in Section 3.22.

“Offer Price” shall have the meaning set forth in the definition of “Discounted Purchase”.

“Officer’s Certificate” shall mean a certificate executed by a Responsible Officer in his or her official (and not individual) capacity.

“Organizational Documents” shall mean, with respect to any person, (i) in the case of any corporation, the certificate of incorporation and by-laws (or equivalent or comparable constitutional documents with respect to any non-U.S. jurisdiction) of such person, (ii) in the case of any limited liability company, the certificate of formation and operating agreement (or similar documents) of such person, (iii) in the case of any limited partnership, the certificate of formation and limited partnership agreement (or similar documents) of such person, (iv) in the case of any general partnership, the partnership agreement (or similar document) of such person and (v) in any other case, the functional equivalent of the foregoing.

“Other Connection Taxes” shall mean, with respect to the Agents, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Co-Borrower hereunder, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” shall mean all present or future stamp, recording, court or documentary, excise, transfer, sales, property, intangible, filing or similar Taxes arising from any payment made

hereunder or under any other Loan Document or from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or any other Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.16(c)).

“Other Term Loan Commitments” shall mean one or more Classes of Term Loan commitments hereunder that result from a Refinancing Amendment.

“Other Term Loans” shall mean one or more Classes of Term Loans that result from a Refinancing Amendment.

“Pari Passu Priority Collateral” shall mean all “Pari Passu Priority Collateral” as defined in the Intercreditor Agreement.

“Participant” shall have the meaning assigned to such term in Section 11.04(d).

“Participant Register” shall have the meaning assigned to such term in Section 11.04(c).

“Participating Member States” shall mean the member states of the European Communities that adopt or have adopted the euro as their lawful currency in accordance with the legislation of the European Union relating to European Monetary Union.

“Party” shall mean any party to this Agreement.

“Patriot Act” shall have the meaning assigned to such term in Section 11.13.

“PBGC” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“Pensions Regulator” shall mean the body corporate called the Pensions Regulator established under Part I of the Pensions Act 2004.

“Perfection Certificate” shall mean, individually and collectively, as the context may require, each certificate of a Loan Party in the form of Exhibit L-1 or any other form approved by the Collateral Agent in its sole discretion, as the same shall be supplemented from time to time by a Perfection Certificate Supplement or otherwise.

“Perfection Certificate Supplement” shall mean a certificate supplement in the form of Exhibit L-2 or any other form approved by the Collateral Agent.

“Permitted ABL Customer Account Financing Amendment” shall have the meaning assigned to such term in Section 1.10.

“Permitted Acquisition” shall mean any Acquisition, if each of the following conditions is met:

(i) no Default is then continuing or would result therefrom;

(ii) no Company shall, in connection with any such transaction, assume or remain liable with respect to any Indebtedness of the related seller or the business, person or properties acquired, except to the extent permitted under Section 6.01, and any other such Indebtedness not permitted to be assumed or otherwise supported by any Company hereunder shall be paid in full or released as to the business, persons or properties being so acquired on or before the consummation of such acquisition;

(iii) the person or business to be acquired shall be, or shall be engaged in, a business of the type that the Loan Parties and the Subsidiaries are permitted to be engaged in under Section 6.15, and the person or business and any property acquired in connection with any such transaction shall be free and clear of any Liens, other than Permitted Liens;

(iv) the Board of Directors of the person to be acquired shall not have indicated publicly its opposition to the consummation of such acquisition (which opposition has not been publicly withdrawn);

(v) all transactions in connection therewith shall be consummated in all material respects in accordance with all applicable Requirements of Law;

(vi) with respect to any transaction involving Acquisition Consideration of more than \$50,000,000, unless the Administrative Agent shall otherwise agree, the Designated Company shall have provided the Administrative Agent written notice on or before the consummation of such transaction, which notice shall describe (A) in reasonable detail the terms and conditions of such transaction and the person or business to be acquired and (B) all such other information and data relating to such transaction or the person or business to be acquired as may be reasonably requested by the Administrative Agent;

(vii) the property acquired in connection with any such Acquisition shall, subject to any Permitted Liens, be made subject to the Lien of the Security Documents, and any person acquired in connection with any such transaction shall become a Guarantor, in each case, to the extent required under, and within the relevant time periods provided in, Section 5.11;

(viii) with respect to any transaction involving Acquisition Consideration that, when added to the fair market value of Equity Interests, including Equity Interests of

Holdings (or, on and after the Specified AV Minerals Joinder Date, AV Minerals), constituting purchase consideration, exceeds \$50,000,000, the Designated Company shall have delivered to the Administrative Agent an Officers' Certificate on or prior to the consummation of such transaction certifying that (A) such transaction complies with this definition and (B) such transaction could not reasonably be expected to result in a Material Adverse Effect;

(ix) [intentionally omitted];

(x) if any Person so acquired (or any Subsidiary of such Person) is not required to become a Loan Party pursuant to Section 5.11, the Acquisition Consideration payable for such Person (or the portion thereof attributable or allocated by the Designated Company in good faith to each such Subsidiary) in connection with such Acquisition, and all other Acquisitions of non-Loan Parties consummated after the Closing Date shall not, unless, on the date of such Acquisition, the Senior Secured Net Leverage Ratio, determined on a Pro Forma Basis, after giving effect to such Acquisition shall be no greater than 3.00 to 1.00 determined on the basis of the financial information most recently delivered to the Administrative Agent and the Lenders pursuant to Section 5.01(a) or (b) as though such Acquisition had been consummated as of the first day of the fiscal period covered thereby, exceed an amount equal to the greater of (x) 2.0% of Consolidated Net Tangible Assets and (y) \$100,000,000 in the aggregate since the Closing Date (provided that such amounts can be exceeded to the extent of Investments made pursuant to Section 6.04(r));

(xi) immediately after giving effect to such Acquisition (other than Acquisitions where the amount of the Acquisition Consideration plus the fair market value of any Equity Interests which constitutes all or a portion of the purchase price is less than \$15,000,000), the Designated Company shall, on a Pro Forma Basis, be in compliance with the Financial Performance Covenant, such compliance to be determined on the basis of the financial information most recently delivered to the Administrative Agent and the Lenders pursuant to Section 5.01(a) or (b) (or for periods prior to the delivery of such financial information for a four fiscal quarter period, based on financial information filed with the United States Securities and Exchange Commission) as though such Acquisition and all other Specified Transactions consummated after the applicable four quarter period and on or prior to the relevant date of determination had been consummated as of the first day of the fiscal period covered thereby;

(xii) with respect to any transaction involving Acquisition Consideration of more than \$50,000,000, the Designated Company shall have delivered a certificate from a Financial Officer of the Designated Company on or prior to the consummation of such transaction (A) as to the matters set forth in clause (i) above and (B) demonstrating its compliance with clause (xi) above, and (C) to the extent the person so acquired is not required to become a Loan Party hereunder pursuant to Section 5.11, demonstrating compliance with clause (x) above, and in each case accompanied by compliance calculations in reasonable detail.

“Permitted Aleris Foreign Subsidiary Transfer” shall mean, on or after the Aleris Acquisition Closing Date:

(a) the sale, Distribution, contribution or other transfer of the Equity Interests in any Subsidiary of Aleris organized in a jurisdiction outside of the United States of America (each, a “Transferred Aleris Foreign Subsidiary”) (x) from a Loan Party to any Loan Party other than Aleris or any Subsidiary of Aleris (and any substantially concurrent interim sale, Distribution, contribution or other transfer of such Equity Interests to a Loan Party (which may include Aleris or any Restricted Subsidiary of Aleris) to effect such sale, Distribution, contribution or transfer) or (y) in the case of Equity Interests in an entity that would not be required to become a Loan Party pursuant to the terms hereof after giving effect to such transfer, from a Loan Party to any other Company (other than Aleris or any Subsidiary of Aleris) organized in the same jurisdiction as the issuer of such Equity Interests (it being agreed, for this purpose, that Hong Kong and the People’s Republic of China are the same jurisdiction so long as an entity organized under the laws of Hong Kong would not be a Subsidiary of an entity organized under the laws of the People’s Republic of China after giving effect to such transfer) (and any substantially concurrent interim sale, Distribution, contribution or other transfer of such Equity Interests to a Loan Party (which may include Aleris or any Restricted Subsidiary of Aleris) to effect such sale, Distribution, contribution or transfer); ~~and~~

(b) the sale, Distribution, contribution or other transfer of:

(i) no more than 12.5% of the aggregate amount of Voting Stock and other Equity Interests in each of Novelis Aluminium Holdings Unlimited and/or Aleris Germany plus one additional share of such Voting Stock to AV Minerals (and, in each case, any substantially concurrent interim sale, Distribution, contribution or other transfer of such Equity Interests to a Loan Party to effect such sale, Distribution, contribution or other transfer); provided that, (x) prior to the consummation of any such transaction, AV Minerals shall have become a Guarantor by executing a Joinder Agreement (the “Specified AV Minerals Joinder”), and (y) AV Minerals shall have executed and delivered (or caused to be executed and delivered) both at the time that AV Minerals becomes a Guarantor and at any time that AV Minerals acquires Equity Interests in accordance with this clause (i), all other Loan Documents (including all applicable Security Documents or supplements or joinders thereto), certificates, opinions and other closing deliverables consistent with the Loan Documents, certificates, opinions and other closing deliverables delivered by the Loan Parties on the Closing Date and the Effective Date, each in form and substance reasonably satisfactory to the Administrative Agent and, in the case of each such Security Document, the Collateral Agent, and take all actions necessary or advisable in the opinion of the Administrative Agent or the Collateral Agent in connection therewith, including to cause the Lien created by the applicable Security Documents to be a duly perfected First Priority Lien in accordance with all applicable Requirements of Law, and the filing of financing statements (or other applicable filings) in such jurisdictions as may be reasonably requested by the Administrative Agent or the Collateral Agent (the date such agreements and the Specified AV Minerals Joinder are effective, the “Specified AV Minerals Joinder Date”); or

(ii) 100% of the aggregate amount of Voting Stock and other Equity Interests in Aleris Germany to Novelis Aluminium Holdings Unlimited (and any substantially concurrent interim sale, Distribution, contribution or other transfer of such Equity Interests to a Loan Party to effect such sale, Distribution, contribution or other transfer); provided that, Novelis Aluminium Holdings Unlimited shall have executed and delivered (or caused to be executed and delivered) at any time that it acquires Equity Interests in accordance with this clause (ii), all other Loan Documents (including all applicable Security Documents or supplements or joinders thereto), certificates, opinions and other closing deliverables consistent with the Loan Documents, certificates, opinions and other closing deliverables delivered by the Loan Parties on the Closing Date and the Effective Date, each in form and substance reasonably satisfactory to the Administrative Agent and, in the case of each such Security Document, the Collateral Agent, and take all actions necessary or advisable in the opinion of the Administrative Agent or the Collateral Agent in connection therewith, including to cause the Lien created by the applicable Security Documents to be a duly perfected First Priority Lien in accordance with all applicable Requirements of Law, and the filing of financing statements (or other applicable filings) in such jurisdictions as may be reasonably requested by the Administrative Agent or the Collateral Agent; and

(bc) if applicable in connection with any of the transactions described in ~~clause~~ clauses (a) or (b) above, as consideration for such sale, Distribution, contribution or other transfer of such Equity Interests, the issuance of one or more Intercompany Notes to the Loan Party that sold, Distributed, contributed or otherwise transferred such Equity Interests;

provided that:

(i) any such sale, Distribution, contribution or other transfer of such Equity Interests shall occur within one year of the Aleris Acquisition Closing Date (or such later date agreed by the Administrative Agent); provided that any Intercompany Note issued in connection therewith shall be issued substantially concurrently with the consummation of such sale, Distribution, contribution or other transfer of such Equity Interests;

(ii) any such Equity Interests transferred to a Loan Party are, subject to the terms of the Intercreditor Agreement and any limitations on such pledge pursuant to the definition of Excluded Property, or any other limitations set forth in the applicable Security Agreement, pledged in favor of the Collateral Agent to secure the Secured Obligations and, to the extent certificated, the certificates representing such Equity Interests are delivered to the Collateral Agent, together with undated stock powers or other appropriate instruments of transfer executed and delivered in blank by a duly authorized officer of such Loan Party, no later than the date that is 10 Business Days after the date of such sale, Distribution, contribution or other transfer of such Equity Interests (or such later date agreed by the Administrative Agent);

(iii) the obligations under each Intercompany Note issued in connection with any step of a Permitted Aleris Foreign Subsidiary Transfer shall be subordinated to the

Secured Obligations (to the extent evidencing a payment obligation of a Loan Party) on terms reasonably satisfactory to the Administrative Agent and shall constitute Subordinated Indebtedness hereunder, and each such Intercompany Note received by a Loan Party shall, subject to the terms of the Intercreditor Agreement, be pledged in favor of the Collateral Agent to secure the Secured Obligations, and such Intercompany Notes shall be delivered to the Collateral Agent, together with an allonge or other instrument of transfer executed and delivered in blank by a duly authorized officer of such Loan Party, no later than the date that is 10 Business Days after the date the Intercompany Note is issued (or such later date agreed by the Administrative Agent); and

(iv) any sale, Distribution, contribution or other transfer of Equity Interests of a Transferred Aleris Foreign Subsidiary to a Restricted Grantor (other than a Transferred Aleris Foreign Subsidiary transferred to a Restricted Grantor organized in the same jurisdiction as the Transferred Aleris Foreign Subsidiary) shall be conditioned on either the creation of a newly formed Unrestricted Grantor or the existence of an Unrestricted Grantor, in each case that (A) (x) is directly 100% owned by such Restricted Grantor after giving effect to such transaction and that (y) directly owns 100% of such Transferred Aleris Foreign Subsidiary after giving effect to such transaction; provided that, in the case of this clause (y), if such Transferred Aleris Foreign Subsidiary is an Aleris German Non-Wholly Owned Subsidiary, (1) the Tulip Foundation may continue to directly or indirectly own Equity Interests in such Aleris German Non-Wholly Owned Subsidiary so long as the Tulip Conditions are satisfied at all times and (2) any other Aleris German Non-Wholly Owned Subsidiary that owns such Transferred Aleris Foreign Subsidiary prior to the occurrence of such transfer may continue to own Equity Interests in such Transferred Aleris Foreign Subsidiary, (B) has complied with the Joinder Requirements and (C) shall not be permitted to own, on and after the date of such action, any assets other than the Permitted Holding Company Assets.

“Permitted Customer Account Financing Amendment Conditions” shall mean, with respect to each amendment to the definition of Permitted Customer Account Financing effected pursuant to Section 1.10, each of the following:

(a) Holdings or the Designated Company shall have executed and delivered a certificate to the Administrative Agent, no later than two Business Days after the date that any Permitted ABL Customer Account Financing Amendment becomes effective, attaching a certified copy of such Permitted ABL Customer Account Financing Amendment, and certifying that the terms of such Permitted ABL Customer Account Financing Amendment comply with the requirements set forth in clauses (b) through (d) below;

(b) the terms of such amendment shall not expand the scope of the Collateral permitted to be released in connection with any Permitted Customer Account Financing, which Collateral shall be limited to Factoring Assets that are sold in connection with (or that otherwise secure) such Permitted Customer Account Financing, it being understood that factoring additional Accounts of additional Account Debtors shall not constitute an expansion of the scope for purposes of this clause (b);

(c) such amendment shall relate solely to the factoring of Accounts of customers of the Loan Parties in connection with a Permitted Customer Account Financing, and the creation of Liens on Factoring Assets that secure such Permitted Customer Account Financing; and

(d) such amendment shall not otherwise adversely affect the Secured Parties or contravene the terms of the Intercreditor Agreement.

“Permitted Customer Account Financing” shall mean a financing or other transaction of the type permitted by Section 6.01(e) or 6.06(e) with respect to Accounts of one or more Loan Parties; provided that (i) no Default exists or would result therefrom and the representations and warranties set forth in the Loan Documents shall be true and correct in all material respects on and as of the date thereof (or, in the case of any representation or warranty that is qualified as to materiality, “Material Adverse Effect” or similar language, in all respects), with the same effect as though made on such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects (or, in the case of any representation or warranty that is qualified as to materiality, “Material Adverse Effect” or similar language, in all respects) as of such earlier date, (ii) the number of Account Debtors whose Accounts are at any time subject to Permitted Customer Account Financings shall be limited to seven; provided that all Affiliates of an Account Debtor shall be deemed to be a single Account Debtor for purposes of this definition, and (iii) Accounts subject to a Permitted Customer Account Financing must be capable of being fully segregated from other Accounts (including with respect to accounts receivable reporting, purchase orders, invoicing, and payments); provided, further, that notwithstanding any provision of Section 11.02, the Agents are hereby authorized by the Lenders to make any amendments to the Loan Documents that are necessary or appropriate in the judgment of the Administrative Agent to reflect such Permitted Customer Account Financing.

“Permitted Factoring Facility” shall mean a sale of Receivables on a discounted basis by any Company, so long as (i) no Loan Party has any obligation, contingent or otherwise in connection with such sale (other than to deliver the Receivables purported to be sold free and clear of any encumbrance and other than as permitted by Section 6.04(n)), and (ii) such sale is for cash and fair market value.

“Permitted First Priority Refinancing Debt” shall mean any secured Indebtedness incurred by any Loan Party in the form of one or more series of senior secured notes under one or more indentures; provided that (i) such Indebtedness is secured by the Collateral (or a portion thereof) on a pari passu basis (but without regard to the control of remedies, which shall be as set forth in the Intercreditor Agreement) with the Secured Obligations and is not secured by any property or assets other than the Collateral, (ii) such Indebtedness constitutes Credit Agreement Refinancing Indebtedness in respect of Term Loans (including portions of Classes of Term Loans, Other Term Loans or Incremental Term Loans), (iii) such Indebtedness does not mature or have scheduled amortization or payments of principal and is not subject to mandatory redemption or prepayment (except customary asset sale or change of control provisions, which asset sale provisions may require the application of proceeds of asset sales and casualty events co-extensive

with those set forth in Section 2.10(c) and 2.10(e), as applicable, to make mandatory prepayments or prepayment offers out of such proceeds on a pari passu basis with the Secured Obligations, all other Permitted First Priority Refinancing Debt and all Additional Senior Secured Indebtedness), in each case prior to the date that is 181 days after the Latest Maturity Date at the time such Indebtedness is incurred, (iv) the security agreements relating to such Indebtedness are substantially the same as the Security Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (v) such Indebtedness is not guaranteed by any Persons other than the Loan Parties, (vi) the other terms and conditions of such Indebtedness (excluding pricing, premiums and optional prepayment or optional redemption provisions) are customary market terms for securities of such type (provided that such terms shall in no event include any financial maintenance covenants) and, in any event, when taken as a whole, are not materially more favorable to the investors providing such Indebtedness than the terms and conditions of the applicable Refinanced Debt (except with respect to any terms (including covenants) and conditions contained in such Indebtedness that are applicable only after the then Latest Maturity Date) (provided that a certificate of a Responsible Officer delivered to the Administrative Agent at least five Business Days prior to the incurrence of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto, stating that the Designated Company has determined in good faith that such terms and conditions satisfy the requirement of this clause (vi) shall be conclusive evidence that such terms and conditions satisfy such requirement unless the Administrative Agent notifies the Designated Company within such five Business Day period that it disagrees with such determination (including a reasonable description of the basis upon which it disagrees)), (vii) no Default shall exist immediately prior to or after giving effect to such incurrence and (viii) a Senior Representative acting on behalf of the holders of such Indebtedness shall have become party to the Intercreditor Agreement. Permitted First Priority Refinancing Debt will include any Registered Equivalent Notes issued in exchange therefor.

“Permitted Fiscal Unity Liability” shall mean any joint and several liability arising as a result of an Loan Party being a member of a fiscal unity permitted under Section 3.31.

“Permitted German Alternative Financing” shall mean a financing or other transaction of the type permitted by Section 6.01(e), 6.01(m), 6.06(e), or 6.06(r) with respect to Accounts or Inventory of one or more German Guarantors; provided that (i) no Default exists or would result therefrom and the representations and warranties set forth in the Loan Documents shall be true and correct in all material respects on and as of the date thereof, with the same effect as though made on such date, except to the extent such representations and warranties expressly relate to an earlier date, (ii) from and after the date of any Permitted German Alternative Financing, the amount of the German Borrowing Base (as defined in the Revolving Credit Agreement) shall be deemed to be zero, and availability under the Swiss Borrowing Base (as defined in the Revolving Credit Agreement) in respect of Accounts sold pursuant to a German Receivables Purchase Agreement shall be deemed to be zero, (iii) on or prior to the date of any Permitted German Alternative Financing, Novelis Deutschland GmbH shall have prepaid all of its outstanding loans under the Revolving Credit Agreement in full in cash, in accordance with the terms thereof, (iv) from and after the date of any Permitted German Alternative Financing, Novelis Deutschland GmbH shall not be permitted to request or borrow any loans under the Revolving Credit Agreement and shall

be deemed no longer to be a borrower thereunder, and (v) the applicable Loan Parties shall have terminated the German Receivables Purchase Agreement; and provided, further, that notwithstanding any provision of Section 11.02, the Agents are hereby authorized by the Lenders to make any amendments to the Loan Documents that are necessary or appropriate in the judgment of the Administrative Agent to reflect such Permitted German Alternative Financing.

“Permitted Holding Company Assets” shall mean for any Person (i) Deposit Accounts; provided that the aggregate amount on deposit in such accounts at the end of each day shall not exceed \$1,000,000 (or the equivalent thereof); provided, further, that, so long as no Default is then continuing, the amount on deposit in such accounts may exceed such amount if such deposits are applied to settle an Investment permitted under Section 6.04 within three Business Days of the deposit therein, (ii) Equity Interests in Subsidiaries pledged under Security Documents, (iii) intangible rights required to exist and do business as a holding company, and (iv) rights under contracts and licenses with Holdings (and, on and after the Specified AV Minerals Joinder Date, AV Minerals) and its Subsidiaries permitted hereunder; provided, that Permitted Holding Company Assets shall not include (x) any Intellectual Property (other than customary inbound licenses to use Intellectual Property of the Companies necessary to operate the business of such Person) or (y) any other contracts or licenses that are material to the business of Holdings (and, on and after the Specified AV Minerals Joinder Date, AV Minerals) and its Subsidiaries, taken as a whole.

“Permitted Holdings Amalgamation” shall mean the amalgamation of Holdings and the Borrower on a single occasion following the Closing Date; provided that (i) no Default exists or would result therefrom and the representations and warranties set forth in the Loan Documents shall be true and correct in all material respects on and as of the date of the amalgamation, with the same effect as though made on such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date), (ii) the person resulting from such amalgamation shall be a corporation amalgamated under the Canada Business Corporations Act (such resulting person, the “Successor Borrower”), and the Successor Borrower shall expressly assume and confirm its obligations as Borrower under this Agreement and the other Loan Documents to which Borrower is a party pursuant to a confirmation in form and substance reasonably satisfactory to the Administrative Agent, (iii) immediately upon consummation of such amalgamation, (x) if such amalgamation occurs prior to the Designated Holdco Effective Date, AV Minerals, or (y) if such amalgamation occurs prior to the Designated Holdco Effective Date and prior to the commencement of the Permitted Reorganization, a new holding company with no material assets other than Equity Interests in the Successor Borrower (such Person described in clause (x) or (y), “Successor Holdings”), shall (A) be, (1) in the case of AV Minerals, organized under the laws of the Netherlands, or (2) in the case of any other holding company, organized under the laws of the Netherlands, England and Wales, Canada, or a province or territory of Canada, (B) directly own 100% of the Equity Interests in the Successor Borrower; provided that, if such amalgamation occurs on or after the Designated Holdco Effective Date, then Designated Holdco shall directly own 100% of the Equity Interests in the Successor Borrower and ~~Successor Holdings~~ AV Minerals shall own 100% of the Equity Interests of Designated Holdco, (C) execute a supplement or joinder to this Agreement in form and substance reasonably satisfactory to the

Administrative Agent to become a Guarantor and execute Security Documents (or supplements or joinder agreements thereto) in form and substance reasonably satisfactory to the Administrative Agent, and take all actions necessary or advisable in the opinion of the Administrative Agent or the Collateral Agent to cause the Lien created by the applicable Security Documents to be a duly perfected First Priority Lien in accordance with all applicable Requirements of Law, including the filing of financing statements (or other applicable filings) in such jurisdictions as may be reasonably requested by the Administrative Agent or the Collateral Agent, and to assume and confirm its obligations as Holdings under this Agreement and the other Loan Documents and (D) subject to the terms of the Intercreditor Agreement, pledge and deliver to the Collateral Agent the certificates, if any, representing all of the Equity Interests owned by Successor Holdings), together with undated stock powers or other appropriate instruments of transfer executed and delivered in blank by a duly authorized officer of Successor Holdings, (iv) be in compliance with all covenants and obligations of Holdings (and, on and after the Designated Holdco Effective Date, Designated Holdco) under this Agreement, (v) immediately after giving effect to any such amalgamation, the Senior Secured Net Leverage Ratio is not greater than the Senior Secured Net Leverage Ratio immediately prior to such amalgamation, which shall be evidenced by a certificate from the chief financial officer of the Borrower demonstrating such compliance calculation in reasonable detail, (vi) the Successor Borrower shall have no Indebtedness after giving effect to the Permitted Holdings Amalgamation other than Indebtedness of the Borrower in existence immediately prior to the consummation of the Permitted Holdings Amalgamation, (vii) each other Guarantor, shall have by a confirmation in form and substance reasonably satisfactory to the Administrative Agent, confirmed that its guarantee of the Guaranteed Obligations (including its Guarantee) shall apply to the Successor Borrower's obligations under this Agreement, (viii) the Borrower and each other Guarantor shall have by confirmations and any required supplements to the applicable Security Documents reasonably requested by the Administrative Agent, in each case, in form and substance reasonably satisfactory to the Administrative Agent, confirmed that its obligations thereunder shall apply to the Successor Borrower's obligations under this Agreement and the other Loan Documents and (ix) each Loan Party shall have delivered opinions of counsel and related officers' certificates reasonably requested by the Administrative Agent with respect to the execution and delivery and enforceability of the documents referred to above and the compliance of such amalgamation with the provisions hereof, and all such opinions of counsel shall be satisfactory to the Administrative Agent; and provided, further, that (x) if the foregoing are satisfied, Successor Holdings will be substituted for and assume all obligations of AV Metals under this Agreement and each of the other Loan Documents and all references hereunder and under the other Loan Documents to Holdings shall be references to the such Person and (2) the Successor Borrower shall be substituted for Novelis Inc. under this Agreement and each of the other Loan Documents and shall assume all obligations of Novelis Inc. under this Agreement and each of the other Loan Documents and all references hereunder and under the other Loan Documents to the Borrower shall be references to the Successor Borrower and (y) notwithstanding any provision of Section 11.02, the Administrative Agent is hereby authorized by the Lenders to make any amendments to the Loan Documents that are necessary to reflect such changes in the parties to the applicable Loan Documents.

“Permitted Holdings Indebtedness” shall mean unsecured Indebtedness of Holdings (or, on and after the Specified AV Minerals Joinder Date, AV Minerals) (i) with respect to which neither the Designated Company nor any Subsidiary has any Contingent Obligation, (ii) that will

not mature prior to the 180th day following the Latest Maturity Date, (iii) that has no scheduled amortization of principal prior to the 180th day following the Latest Maturity Date, (iv) that does not require any payments in cash of interest or other amounts in respect of the principal thereof (other than optional redemption provisions customary for senior discount or “pay-in-kind” notes) for a number of years from the date of issuance or incurrence thereof equal to at least one-half of the term to maturity thereof, (v) that has mandatory prepayment, repurchase or redemption, covenant, default and remedy provisions customary for senior discount or “pay-in-kind” notes of an issuer that is the parent of a borrower under senior secured credit facilities and (vi) that is issued to a person that is not an Affiliate of the Designated Company or any of Holdings’ (or, on and after the Specified AV Minerals Joinder Date, AV Minerals) Subsidiaries in an arm’s-length transaction on fair market terms; provided that at least five Business Days prior to the incurrence of such Indebtedness, a Responsible Officer of Holdings (in the case of Indebtedness incurred by Holdings) (or, on and after the Specified AV Minerals Joinder Date, AV Minerals, in the case of Indebtedness incurred by AV Minerals) shall have delivered a certificate to the Administrative Agent (together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto) stating that Holdings has determined in good faith that such terms and conditions satisfy the foregoing requirements.

“Permitted Liens” shall have the meaning assigned to such term in Section 6.02.

“Permitted Novelis Switzerland Financing” shall mean a financing or other transaction of the type permitted by Section 6.01(e) or 6.06(e) with respect to any Accounts of Novelis Switzerland; provided that (i) after giving effect to such financing, no Accounts of Novelis Switzerland shall be included in the borrowing base for purposes of the Revolving Credit Agreement, and (ii) no Default exists or would result therefrom and the representations and warranties set forth in the Loan Documents shall be true and correct in all material respects on and as of the date thereof, with the same effect as though made on such date, except to the extent such representations and warranties expressly relate to an earlier date and provided, further, that notwithstanding any provision of Section 11.02, the Agents are hereby authorized by the Lenders to make any amendments to the Loan Documents that are necessary or appropriate in the judgment of the Administrative Agent to reflect such Permitted Novelis Switzerland Financing.

“Permitted Prepayments” shall have the meaning assigned to such term in Section 6.11.

“Permitted Refinancing” shall mean, with respect to any person, any refinancing or renewal of any Indebtedness of such person; provided that (a) the aggregate principal amount (or accreted value, if applicable) of the Indebtedness incurred pursuant to such refinancing or renewal does not exceed the aggregate principal amount (or accreted value, if applicable) of the Indebtedness so refinanced or renewed except by an amount equal to unpaid accrued interest and premium thereon and any make-whole payments applicable thereto plus other reasonable amounts paid, and fees and expenses reasonably incurred, in connection with such refinancing or renewal and by an amount equal to any existing commitments unutilized thereunder (it being understood that the aggregate principal amount (or accreted value, if applicable) of the Indebtedness being incurred may be in excess of the amount permitted under this clause (a) to the extent such excess

does not constitute a Permitted Refinancing and is otherwise permitted under Section 6.01), (b) such refinancing or renewal has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being refinanced or renewed (excluding the effects of nominal amortization in the amount of no greater than one percent per annum and prepayments of Indebtedness), (c) no Default is then continuing or would result therefrom, (d) the persons that are (or are required to be) obligors under such refinancing or renewal do not include any person that is not (or is not required to be) an obligor under the Indebtedness being so refinanced or renewed (or, in the case of a Permitted Refinancing of the Senior Notes, such obligors are Loan Parties (other than Holdings and AV Minerals)) and (e) the subordination provisions thereof (if any) shall be, in the aggregate, no less favorable to the Lenders than those contained in the Indebtedness being so refinanced or renewed; provided that at least five Business Days prior to the incurrence of such refinancing or renewal, a Responsible Officer of the Designated Company shall have delivered an Officers' Certificate to the Administrative Agent (together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto) certifying that the Designated Company has determined in good faith that such terms and conditions satisfy the foregoing requirements.

“Permitted Reorganization” shall mean, at any time prior to a Qualified Borrower IPO, an internal reorganization of Holdings and its Subsidiaries to effect any or all of the Permitted Reorganization Actions, subject to the following terms and conditions; provided that the Permitted Reorganization shall not occur if the Permitted Holdings Amalgamation occurs and AV Minerals is not Successor Holdings:

(a) both immediately before and immediately after giving effect to each step of the Permitted Reorganization, and at all times during the Permitted Reorganization:

- (i) the Permitted Reorganization, each Permitted Reorganization Action, and each step taken in furtherance of the Permitted Reorganization and of each Permitted Reorganization Action, shall not reduce or impair the value or benefit of the Guarantee, any Foreign Guarantee, or the Collateral; provided that (x) the re-starting of any fraudulent conveyance, fraudulent transfer, preference or hardening period with respect to any Guarantee, Foreign Guarantee or Lien under applicable Requirements of Law and (y) any limitations under the laws of Switzerland with respect to the enforcement of any share pledge with respect to the Equity Interests directly held by Novelis AG, Novelis Switzerland SA or the Surviving Swiss Subsidiary, as applicable, following any sale, Distribution or other transfer described under clause (f) or (h) of the definition of Permitted Reorganization Actions shall not, in itself, constitute a reduction or impairment for purposes of this clause (a);
- (ii) no Default shall have occurred and be continuing or would result therefrom, and each of the representations and warranties made by any Loan Party set

forth in ARTICLE III hereof or in any other Loan Document (other than Hedging Agreements) shall be true and correct in all material respects on and as of the date of such step of the Permitted Reorganization with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date, and a Responsible Officer of the Designated Company (after giving effect to such step of the Permitted Reorganization) shall have provided an Officer's Certificate certifying as to the matters in clause (a)(i) and this clause (a)(ii);

- (iii) no Person involved in any step of the Permitted Reorganization that is not a Loan Party, solely for the period of time that such Person is not a Loan Party, shall hold or own any Collateral or any assets that constituted Collateral immediately prior to or during such step of the Permitted Reorganization;
- (iv) any Collateral shall remain subject to (or, in the case of Collateral created as part of any step of the Permitted Reorganization, shall become subject to, at or prior to the time such step is effected) a duly perfected Lien in favor of the Collateral Agent in accordance with all applicable Requirements of Law, including the filing of financing statements (or other applicable filings) in such jurisdictions as may be reasonably requested by the Collateral Agent, in each case in accordance with the terms of the Loan Documents (without regard to any time periods provided for herein or therein);
- (v) the Guarantee and each Foreign Guarantee shall continue to be effective and fully enforceable in accordance with its terms, it being understood that a Loan Party shall not be in violation of this clause (v) solely as a result of its amalgamation, consolidation, merger or dissolution with and into another Loan Party so long as such amalgamation, consolidation or merger complies with the requirements of Section 6.05(c); and
- (vi) notwithstanding the foregoing, the Administrative Agent may reasonably require that any Loan Party enter into a new Guarantee, Foreign Guarantee, and new Security Documents, as applicable, or reaffirmations of any of the foregoing, in each case in form and substance reasonably satisfactory to the Administrative Agent, in connection with any step of the Permitted Reorganization, in order to reaffirm, preserve or otherwise give effect to the foregoing requirements;

(b) [intentionally omitted];

(c) the Borrower shall have provided all notices and certificates required to be delivered, within the time period required to be delivered, to the applicable Agent under the applicable Loan Documents in order to consummate each step of the Permitted Reorganization; provided that, without limiting the notice requirements in this definition, the Administrative Agent may waive in writing in advance any such notice period with respect to such step, and each Lender hereby authorizes the Administrative Agent to waive any such notice period;

(d) the Permitted Reorganization shall be completed no later than the close of business on the one year anniversary of the date that the Companies commence the first step of the Permitted Reorganization (without regard to the formation of Designated Holdco, for so long as Designated Holdco does not own any Equity Interests in any Loan Party or any other Subsidiary) or such longer period as may be agreed to by the Administrative Agent in its sole discretion;

(e) prior to commencing any step of the Permitted Reorganization, each step of the Permitted Reorganization shall be permitted under the documents evidencing Material Indebtedness;

(f) [intentionally omitted];

(g) no later than the date that is five Business Days prior to the date that each step of the Permitted Reorganization is commenced (or such later date agreed to by the Administrative Agent), the Designated Company shall have delivered to the Administrative Agent a certificate from a Financial Officer of the Designated Company setting forth the commencement date of such step of the Permitted Reorganization, and certifying that all actions taken in connection with such step comply with the terms of this definition, the definition of Permitted Reorganization Actions, and the terms of the Loan Documents; provided that the first certificate delivered pursuant to this clause (g) shall also state that the step (or steps) described in such certificate constitute the commencement of the Permitted Reorganization, and shall state the date by which the Permitted Reorganization must be completed in accordance with clause (d) above;

(h) in the case of AV Minerals, Designated Holdco, and each new Subsidiary amalgamated, created or otherwise formed as part of any step of the Permitted Reorganization, such Person shall become a Loan Party (in the case of any Subsidiary of Designated Holdco other than the Co-Borrowers, Novelis Acquisitions and Aleris, solely to the extent required under Section 5.11 or otherwise in order to comply with the other clauses of this definition and the definition of Permitted Reorganization Actions) pursuant to the terms of the Loan Documents (without regard to any time periods provided for herein or therein) and shall become party to and/or execute and deliver the Guarantee, each applicable Foreign Guarantee, and each applicable Security Document, at or prior to the time such step is effected;

(i) [intentionally omitted];

(j) [intentionally omitted];

(k) notwithstanding any other provision in any Loan Document to the contrary, the Loan Parties shall gross-up and otherwise indemnify each Agent and each other Secured Party for all Taxes incurred by such Agent or Secured Party as a result of the Permitted Reorganization or any step thereof (including any such Taxes arising after the consummation of any step of the Permitted Reorganization, whether as a result of a Person becoming Holdings or otherwise), and this Agreement shall be amended as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent (and implemented pursuant to documentation agreed by the Administrative Agent, the Collateral Agent and the Designated Company, such agreement not to be unreasonably withheld), to give effect to such gross-up and indemnification (including the addition of gross-up and indemnification provisions applicable, in the reasonable opinion of the Administrative Agent, to implement such gross up and indemnity obligations); provided, however, that solely for purposes of this clause (k), “Taxes” shall not include any (i) Taxes imposed on or measured by overall net income (however denominated), franchise Taxes (in lieu of net income taxes), and branch profits Taxes, in each case, (x) imposed as a result of such recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (y) that are Other Connection Taxes, (ii) Taxes attributable to such recipient’s failure to comply with Section 2.15(e), and (iii) any U.S. federal withholding Taxes imposed under FATCA;

(l) prior to or concurrently with the consummation of each step of the Permitted Reorganization, the Loan Parties shall deliver or cause to be delivered:

- (i) all documents reasonably requested by the Administrative Agent in connection with the Permitted Reorganization and/or such step thereof, including, but not limited to, documents consistent with those described in Sections 4.01(k), 4.02(b), (c), (d), (g) through (n), and Schedule 5.15, in each case in form and substance reasonably acceptable to the Administrative Agent; and
- (ii) favorable written opinions of Torys, LLP (or other nationally recognized U.S. counsel for the Loan Parties) and each local and foreign counsel of the Loan Parties (or, in the case of Loan Documents governed by or entities organized under the laws of the United Arab Emirates or the Dubai International Financial Centre, counsel to the Administrative Agent and the Collateral Agent), in each case reasonably requested by the Administrative Agent, in each applicable jurisdiction and addressed to the Agents and the Lenders, covering such matters relating to the Loan Documents and the Permitted Reorganization and/or such step thereof as the Administrative Agent shall reasonably request, and in each case in form and substance reasonably satisfactory to the Administrative Agent, including, but not limited to, opinions covering:

- (1) creation or continued validity and perfection of the Guarantees, the Foreign Guarantees, or the Collateral after giving effect to such step of the Permitted Reorganization;
- (2) enforceability of all Loan Documents, and confirmation or similar opinions as to the validity and enforceability of the Guarantees and the Foreign Guarantees and all Security Documents;
- (3) validity of debt claims in connection with all Loans and all Guarantees and Foreign Guarantees; and
- (4) no conflict with organizational documents, Requirements of Law and any documents evidencing Material Indebtedness;

(m) notwithstanding any other provision in any Loan Document to the contrary, the Administrative Agent, the Collateral Agent and the Designated Company may make (and the Administrative Agent and the Collateral Agent are hereby authorized by the Lenders to make) such amendments, restatements and other modifications to the Loan Documents (other than the definition of Permitted Reorganization except to the extent provided for therein) as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, the Collateral Agent, and the Designated Company, to effect the terms of the Permitted Reorganization, in each case in a manner consistent with the terms and conditions set forth in this definition and in forms mutually agreed by the Agents and the Designated Company;

(n) The Co-Borrowers shall pay or cause the applicable Loan Party to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent, the Mandated Lead Arrangers, and their respective Affiliates (including the reasonable fees, charges and disbursements of one primary transaction counsel (plus local counsel in each applicable jurisdiction)) in connection with the Permitted Reorganization, and all documents, filings, and any amendment, amendment and restatement, modification or waiver of the provisions hereof or of any other Loan Document (whether or not the Permitted Reorganization shall be consummated); and

(o) Notwithstanding any provision in any Loan Document to the contrary, with respect to each step of the Permitted Reorganization, the Administrative Agent may require amendments and modifications to (i) the Loan Documents (or new Guarantees and Foreign Guarantees) to ensure that the Guarantees and the Foreign Guarantees effectively result in the Secured Obligations of each Co-Borrower being guaranteed by each Guarantor (excluding a guarantee by a Co-Borrower of its own Secured Obligations) upon and after giving effect to such step of the Permitted Reorganization and (ii) the Loan Documents (or new Security Documents) to ensure that the Collateral immediately prior to such step of the Permitted Reorganization which is granted by any Loan Party (and assets required to be pledged as Collateral) effectively secures the Secured

Obligations of such Loan Party (or any additional Loan Parties) upon and after giving effect to such step of the Permitted Reorganization. Such amendments, modifications and other Loan Documents so required by the Administrative Agent shall, notwithstanding any provision in any Loan Document to the contrary, become effective upon execution and delivery by the Administrative Agent, the Collateral Agent and the applicable Loan Party, and shall not require the approval of any Lenders, and the Loan Parties agree to execute and deliver such amendments, modifications and other Loan Documents as may be reasonably requested by the Administrative Agent.

The Collateral Agent is hereby authorized to file UCC or PPSA financing statements, mortgages, and all other documents, filings and registrations in each applicable jurisdiction as the Collateral Agent (after consultation with its counsel) reasonably determines is advisable in connection with the steps contemplated by the Permitted Reorganization in order to preserve or maintain the Liens securing the Secured Obligations or the perfection or recordation of such Liens, or to create or perfect or record Liens granted by Loan Parties in connection with or following the consummation of each step of the Permitted Reorganization.

“Permitted Reorganization Actions” shall mean any or all of the following, in the case of each such action, subject to the satisfaction of each of the terms and conditions set forth in the definition of Permitted Reorganization:

- (a) the formation of U.K. Holdco by AV Minerals;
- (b) the designation by the Borrower in a signed written notice delivered to the Agents of U.K. Holdco as “Designated Holdco” and the concurrent contribution, sale or other transfer of 100% of the Equity Interests in AV Metals (or, if the Permitted Holdings Amalgamation occurs on or prior to such date, Successor Borrower) from AV Minerals to Designated Holdco;
- (c) the sale, Distribution, contribution or other transfer of no more than 12.5% of the aggregate amount of Voting Stock and other Equity Interests in Novelis Aluminium Holdings Unlimited plus one additional share of such Voting Stock by Borrower to AV Minerals (and any substantially concurrent interim sale, Distribution, contribution or other transfer of such Equity Interests to a Loan Party to effect such sale, Distribution, contribution or other transfer) and, if applicable, the substantially concurrent issuance of an Intercompany Note by each Loan Party that acquires such Equity Interests to the Loan Party that sells, Distributes, contributes or otherwise transfers such Equity Interests to it, as consideration for such sale, Distribution, contribution or other transfer;
- (d) the Permitted Holdings Amalgamation;
- (e) the merger of Novelis AG and Novelis Switzerland SA;

(f) the sale, Distribution or other transfer of 100% or less of the Equity Interests in Novelis Holdings Inc. from Borrower to Designated Holdco;

(g) the sale, Distribution, contribution or other transfer of 100% of the Equity Interests in Novelis Holdings Inc. from Designated Company and/or Borrower to Novelis AG, Novelis Switzerland SA, the survivor of the merger of Novelis AG and Novelis Switzerland SA pursuant to clause (e) above (the “Surviving Swiss Subsidiary”) or, to the extent required by clause (iii) below, New U.S. Holdings (and any substantially concurrent interim sale, Distribution, contribution or other transfer of such Equity Interests to an Unrestricted Grantor to effect such sale, Distribution, contribution or other transfer) and, if applicable, the substantially concurrent issuance of an Intercompany Note by each Loan Party that acquires such Equity Interests to the Loan Party that sells, Distributes, contributes or otherwise transfers such Equity Interests to it, as consideration for such sale, Distribution, contribution or other transfer; and

(h) the sale, Distribution, contribution or other transfer by a Loan Party (such Loan Party, the “Transferring Loan Party”) of 100% of the Equity Interests (other than Equity Interests in Novelis Holdings Inc.) in any Subsidiary of Designated Company (such subsidiary, the “Transferred Subsidiary”), to an Interim Holding Company that has complied with the requirements of clause (iv) below (and any substantially concurrent interim sale, Distribution, contribution or other transfer of such Equity Interests to a Loan Party to effect such sale, Distribution, contribution or other transfer) and, if applicable, the substantially concurrent issuance of an Intercompany Note by each Loan Party that acquires such Equity Interests to the Loan Party that sells, Distributes, contributes or otherwise transfers such Equity Interests to it, as consideration for such sale, Distribution, contribution or other transfer;

provided that:

(i) the commencement of any of the actions described in clauses (b), (c), (f), (g) or (h) above (in the case of clauses (g) and (h) above, solely to the extent that Designated Company is Designated Holdco) shall be conditioned on each of AV Minerals and U.K. Holdco having become Guarantors and having granted Liens on their assets to secure the Secured Obligations on terms consistent with the terms of the Loan Documents, including, but not limited to, the requirements set forth in clause (l) of the definition of Permitted Reorganization and in Sections 5.11 and 5.12 hereof (without regard to any time periods set forth therein) (collectively, the “Joinder Requirements”);

(ii) the commencement of any of the actions described in clauses (c), (f), (g) or (h) above (in the case of clauses (g) and (h) above, solely to the extent that Designated Company is Designated Holdco) shall be conditioned on the completion of the actions described in clauses (a) and (b) above;

(iii) each sale, Distribution, contribution or other transfer described in clause (g) above shall be conditioned on either (x) Novelis Holdings Inc. not owning, following such action and thereafter, any assets other than the Equity Interests in its direct Subsidiaries and the Permitted Holding Company Assets or (y) the formation of a new Subsidiary (“New U.S. Holdings”) organized under the laws of any State of the United States or the District of Columbia that is a direct Wholly Owned Subsidiary of Novelis AG, Novelis Switzerland SA, or the Surviving Swiss Subsidiary, and that (1) directly and wholly owns Novelis Holdings Inc. and (2) indirectly wholly owns Novelis Acquisitions (and, immediately after giving effect to the merger of Novelis Acquisitions with and into Aleris in connection with the Aleris Acquisition, Aleris); provided that this subclause (y) shall be further conditioned on New U.S. Holdings complying with the Joinder Requirements; provided, further, that New U.S. Holdings shall not be permitted to own, on and after the date of such action, any assets other than the Permitted Holding Company Assets;

(iv) each sale, Distribution, contribution or other transfer described in clause (h) above shall be conditioned on either the creation of a newly formed Unrestricted Grantor or the existence of an existing Unrestricted Grantor, in each case that has complied with the Joinder Requirements (such Unrestricted Grantor, an “Interim Holding Company”), which Person shall be a direct Wholly Owned Subsidiary of Novelis AG, Novelis Switzerland SA, or the Surviving Swiss Subsidiary, and that shall directly wholly own the Transferred Subsidiary so sold, Distributed, contributed or transferred pursuant to such transaction; provided that such Unrestricted Grantor shall not be permitted to own, on and after the date of such action, any assets other than the Permitted Holding Company Assets; provided, further, that if such Transferred Subsidiary is an Aleris German Non-Wholly Owned Subsidiary, (1) the Tulip Foundation may continue to directly or indirectly own Equity Interests in such Aleris German Non-Wholly Owned Subsidiary so long as the Tulip Conditions are satisfied at all times and (2) any other Aleris German Non-Wholly Owned Subsidiary that owns such Transferred Subsidiary prior to the occurrence of such transfer may continue to own Equity Interests in such Transferred Subsidiary;

(v) except as provided in clauses (i) through (iv) above, the actions described in clauses (d), (e), (g), and (h) are not conditioned on the occurrence of any of such other actions or the actions described in clauses (a), (b) or (c);

(vi) the order of the actions described in clauses (a) through (h) above may be changed as long as the conditions specified for such action in clauses (i) through (v) above are satisfied; and

(vii) the obligations under each Intercompany Note issued in connection with any action or interim action described in clause (g) or (h) above shall be subordinated to the Secured Obligations on terms reasonably satisfactory to the Administrative Agent and shall constitute Subordinated Indebtedness hereunder.

“Permitted Revolving Credit Facility Refinancing” shall mean any credit facility that refinances or renews or replaces any of the Indebtedness incurred and commitments available under the Revolving Credit Loan Documents (which may be an asset-based or cash flow financing); provided that (a) the aggregate principal amount (or accreted value, if applicable) of all such Indebtedness, after giving effect to such refinancing or renewal, shall not exceed the Maximum Revolving Credit Facility Amount then in effect plus an amount equal to unpaid accrued interest and premium on the Indebtedness being so refinanced or renewed plus other reasonable amounts paid, and fees and expenses reasonably incurred, in connection with such refinancing or renewal, (b) such refinancing or renewal has a final maturity date equal to or later than the final maturity date of the Indebtedness being so refinanced or renewed, (c) no Default is existing or would result therefrom, (d) the collateral securing such refinancing, renewal or replacement is not greater than the Collateral (but without regard to whether such collateral is treated as Pari Passu Priority Collateral or Revolving Credit Priority Collateral for purposes of such credit facility under the Intercreditor Agreement) and (e) the persons that are (or are required to be) obligors under such refinancing or renewal do not include any person that is not an obligor under the Indebtedness being so refinanced or renewed (unless, in the case of a refinancing of Indebtedness of a Loan Party, such persons are or become obligors under the Loan Documents); provided that at least five Business Days prior to the incurrence of such refinancing or renewal, a Responsible Officer of the Designated Company shall have delivered an Officers’ Certificate to the Administrative Agent (together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto) certifying that the Designated Company has determined in good faith that such terms and conditions satisfy the foregoing requirements.

“Permitted Second Priority Refinancing Debt” shall mean secured Indebtedness incurred by any Loan Party in the form of one or more series of junior lien secured notes under one or more indentures or junior lien secured loans under one or more other debt instruments or facilities; provided that (i) such Indebtedness is secured by a Junior Lien on the Collateral (or a portion thereof) and is not secured by any property or assets other than the Collateral, (ii) such Indebtedness constitutes Credit Agreement Refinancing Indebtedness in respect of Term Loans (including portions of Classes of Term Loans, Other Term Loans or Incremental Term Loans), (iii) such Indebtedness does not mature or have scheduled amortization or payments of principal and is not subject to mandatory redemption or prepayment (except customary asset sale or change of control provisions), in each case prior to the date that is 181 days after the Latest Maturity Date at the time such Indebtedness is incurred, (iv) subject to clause (vii) below, the security agreements relating to such Indebtedness are substantially the same as the Security Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (v) such Indebtedness is not guaranteed by any Persons other than the Loan Parties, (vi) the other terms and conditions of such Indebtedness (excluding pricing, premiums and optional prepayment or optional redemption

provisions) are customary market terms for securities of such type and, in any event, when taken as a whole, are not materially more favorable to the investors or lenders providing such Indebtedness than the terms and conditions of the applicable Refinanced Debt (except with respect to any terms (including covenants) and conditions contained in such Indebtedness that are applicable only after the then Latest Maturity Date) (provided that a certificate of a Responsible Officer delivered to the Administrative Agent at least five Business Days prior to the incurrence of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto, stating that the Designated Company has determined in good faith that such terms and conditions satisfy the requirement of this clause (vi) shall be conclusive evidence that such terms and conditions satisfy such requirement unless the Administrative Agent notifies the Designated Company within such five Business Day period that it disagrees with such determination (including a reasonable description of the basis upon which it disagrees)), (vii) the security agreements relating to such Indebtedness (together with the Intercreditor Agreement) reflect the Junior Lien nature of the security interests and are otherwise substantially the same as the applicable Security Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (viii) no Default shall exist immediately prior to or after giving effect to such incurrence, and (ix) a Senior Representative acting on behalf of the holders of such Indebtedness shall have become party to the Intercreditor Agreement. Permitted Second Priority Refinancing Debt will include any Registered Equivalent Notes issued in exchange therefor.

“Permitted Short Term Loan Documents” shall mean the credit agreement in respect of the Permitted Short Term Indebtedness and the other “Loan Documents” (or words of like import) as defined in such credit agreement, including all guaranties and the notes issued thereunder.

“Permitted Short Term Indebtedness” shall mean the Indebtedness incurred by Novelis Acquisitions ~~(and, immediately after giving effect to the merger of Novelis Acquisitions with and into Aleris Holdings, Inc.~~ in connection with the Aleris Acquisition, ~~Aleris~~ in connection with the Aleris Acquisition, and all Contingent Obligations of the other Loan Parties in respect thereof; provided that (i) the net cash proceeds of such Indebtedness shall be used solely to finance a portion of the Aleris Acquisition, to repay existing Indebtedness of Aleris and its Subsidiaries, and to pay fees, costs and expenses incurred in connection with the Aleris Acquisition, such Indebtedness, and incremental term loans incurred under this Agreement, (ii) such Indebtedness is not guaranteed by any Persons other than the Loan Parties, (iii) no Default shall exist immediately prior to or after giving effect to such incurrence, (iv) such Indebtedness (including related guaranties) is not secured, (v) the aggregate principal amount of such Indebtedness does not exceed ~~\$1,500,000,000~~ 1,100,000,000 (as such amount is reduced by the amount of all principal payments of such Indebtedness), (vi) the terms of such Indebtedness do not provide for any scheduled amortization payments, and (vii) the other terms and conditions of such Indebtedness (excluding pricing, premiums, maturity, and mandatory prepayments related to payments with the proceeds of Indebtedness, capital contributions or from sale of Equity Interests) are no more favorable to the lenders providing such Indebtedness than the terms and conditions under this Agreement and the other Loan Documents (without regard to the collateral-related provisions of such agreements); provided, further, that the terms of such Indebtedness shall not prohibit Holdings (or, on and after the Specified AV Minerals Joinder Date, AV Minerals) or any of its Restricted Subsidiaries from

(x) granting any Liens to secure the Secured Obligations, (y) making any loans, payments, distributions or contributions, or any Asset Sales to the Borrower to the extent that such transactions would be permitted under this Agreement, or (z) paying all or any portion of the Secured Obligations at any time and from time to time.

“Permitted Unsecured Refinancing Debt” shall mean unsecured Indebtedness incurred by the Designated Company or any Loan Party in the form of one or more series of senior unsecured or subordinated notes or loans under one or more instruments; provided that (i) such Indebtedness constitutes Credit Agreement Refinancing Indebtedness in respect of Term Loans (including portions of Classes of Term Loans, Other Term Loans or Incremental Term Loans), (ii) such Indebtedness does not mature or have scheduled amortization or payments of principal and is not subject to mandatory redemption or prepayment (except customary asset sale or change of control provisions), in each case prior to the date that is 181 days after the Latest Maturity Date at the time such Indebtedness is incurred, (iii) such Indebtedness is not guaranteed by any Persons other than the Loan Parties, (iv) the other terms and conditions of such Indebtedness (excluding pricing, premiums and optional prepayment or optional redemption provisions) are customary market terms for Indebtedness of such type and, when taken as a whole, are not materially more restrictive (provided that such terms shall in no event include any financial maintenance covenants) on the Designated Company and the Restricted Subsidiaries than the terms and conditions applicable to the Term Loans (provided that a certificate of a Responsible Officer delivered to the Administrative Agent at least five Business Days prior to the incurrence of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto, stating that the Designated Company has determined in good faith that such terms and conditions satisfy the requirement of this clause (iv) shall be conclusive evidence that such terms and conditions satisfy such requirement unless the Administrative Agent notifies the Designated Company within such five Business Day period that it disagrees with such determination (including a reasonable description of the basis upon which it disagrees)) and (v) such Indebtedness (including related guarantees) is not secured. Permitted Unsecured Refinancing Debt will include any Registered Equivalent Notes issued in exchange therefor.

“person” or “Person” shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA which is maintained or contributed to by any Company or its ERISA Affiliate or with respect to which any Company could incur liability (including under Section 4069 of ERISA).

“Platform” shall have the meaning assigned to such term in Section 11.01(d).

“Pledged Distributions” shall mean, collectively, with respect to each Loan Party, all dividends, cash, options, warrants, rights, instruments, distributions, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Pledged Securities, from time to time received, receivable or otherwise distributed to such Loan Party in respect of or in exchange for any or all of the Pledged Securities or Pledged Intercompany Notes.

“Pledged Intercompany Notes” shall mean, with respect to each Loan Party, all intercompany notes described in Schedule 11 to the Perfection Certificate as of the Closing Date and intercompany notes hereafter acquired by such Loan Party and all certificates, instruments or agreements evidencing such intercompany notes, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof to the extent permitted pursuant to the terms hereof.

“Pledged Securities” shall mean, collectively, with respect to each Loan Party, (i) all issued and outstanding Equity Interests of each issuer set forth on Schedule 10 to the Perfection Certificate as of the Closing Date as being owned by such Loan Party and all options, warrants, rights, agreements and additional Equity Interests of whatever class of any such issuer acquired by such Loan Party (including by issuance), together with all rights, privileges, authority and powers of such Loan Party relating to such Equity Interests in each such issuer or under any Organizational Document of each such issuer, and the certificates, instruments and agreements representing such Equity Interests and any and all interest of such Loan Party in the entries on the books of any financial intermediary pertaining to such Equity Interests, (ii) all Equity Interests of any issuer, which Equity Interests are hereafter acquired by such Loan Party or are owned by a Loan Party as of the Closing Date (including by issuance) and all options, warrants, rights, agreements and additional Equity Interests of whatever class of any such issuer acquired by such Loan Party (including by issuance), together with all rights, privileges, authority and powers of such Loan Party relating to such Equity Interests or under any Organizational Document of any such issuer, and the certificates, instruments and agreements representing such Equity Interests and any and all interest of such Loan Party in the entries on the books of any financial intermediary pertaining to such Equity Interests, from time to time acquired by such Loan Party in any manner, and (iii) all Equity Interests issued in respect of the Equity Interests referred to in clause (i) or (ii) upon any consolidation or merger of any issuer of such Equity Interests other than to the extent any of the foregoing constitute Excluded Equity Interests.

“PPSA” shall mean the Personal Property Security Act (Ontario) and the regulations promulgated thereunder and other applicable personal property security legislation of the applicable Canadian province or provinces in respect of the Canadian Loan Parties (including the Civil Code of Quebec and the regulations respecting the register of personal and movable real rights promulgated thereunder (the “Civil Code”)) as all such legislation now exists or may from time to time hereafter be amended, modified, recodified, supplemented or replaced, together with all rules, regulations and interpretations thereunder or related thereto.

“Preferred Stock” shall mean, with respect to any person, any and all preferred or preference Equity Interests (however designated) of such person whether now outstanding or issued after the Closing Date.

“Prepayments Recapture Amount” shall have the meaning assigned to such term in Section 6.11(a)(i)(z)(C).

“Principal Jurisdiction” shall mean (i) the United States, Canada, the United Kingdom, Switzerland, Germany, Belgium and the Netherlands, (ii) each other country in which a Restricted Subsidiary is organized in respect of which Accounts are included in the borrowing base for purposes of the Revolving Credit Agreement and (iii) and any state, province or other political subdivision of the foregoing.

“Pro Forma Basis” shall mean, with respect to compliance with any test or covenant hereunder at any time of determination (excluding any calculation of the amount of Excess Cash Flow and the amount referred to in clause (a) of the definition of Cumulative Credit), that all Specified Transactions and the following transactions in connection therewith (if any) shall be deemed to have occurred as of the first day of the applicable Test Period or other period of measurement in such test or covenant: (a) income statement items (whether positive or negative) attributable to the property or Person subject to such Specified Transaction, (i) in the case of a sale or other disposition of all or substantially all Equity Interests in or assets of any Restricted Subsidiary of the Designated Company or any division, business unit, line of business or facility used for operations of the Designated Company or any of its Restricted Subsidiaries, shall be excluded (as if such sale or disposition occurred on the first day of the applicable Test Period), and (ii) in the case of a Permitted Acquisition or Investment described in the definition of “Specified Transaction”, shall be included (as if such Permitted Acquisition or Investment occurred on the first day of the applicable Test Period), (b) any retirement of Indebtedness in connection therewith, and (c) any Indebtedness incurred or assumed by the Designated Company or any of its Restricted Subsidiaries in connection therewith.

“Process Agent” shall have the meaning assigned to such term in Section 11.09(d).

“property” shall mean any right, title or interest in or to property or assets of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible and including Equity Interests or other ownership interests of any person and whether now in existence or owned or hereafter entered into or acquired, including all Real Property.

“Property Material Adverse Effect” shall mean, with respect to any Mortgaged Property, as of any date of determination and whether individually or in the aggregate, any event, circumstance, occurrence or condition which has caused or resulted in (or would reasonably be expected to cause or result in) a material adverse effect on (a) the business or operations of any Company as presently conducted at the Mortgaged Property; (b) the value or utility of the

Mortgaged Property; or (c) the legality, priority or enforceability of the Lien created by the Mortgage or the rights and remedies of the Mortgagee thereunder.

“Public Lender” shall have the meaning assigned to such term in [Section 11.01\(d\)](#).

“Purchase” shall have the meaning assigned to such term in the definition of “Discounted Purchase”.

“Purchase Money Obligation” shall mean, for any person, the obligations of such person in respect of Indebtedness (including Capital Lease Obligations) incurred for the purpose of financing all or any part of the purchase price of any property (including Equity Interests of any person) or the cost of installation, construction or improvement of any property and any refinancing thereof; provided, however, that (i) such Indebtedness is incurred within one year after such acquisition, installation, construction or improvement of such property by such person and (ii) the amount of such Indebtedness does not exceed 100% of the cost of such acquisition, installation, construction or improvement, as the case may be.

“Purchase Notice” shall have the meaning assigned to such term in the definition of “Discounted Purchase”.

“Qualified Borrower IPO” shall mean, at any time prior to the commencement of the first step of the Permitted Reorganization, and so long as the Borrower (directly or indirectly) owns 100% of the Equity Interests of the other Co-Borrower, the issuance by the Borrower of its common Equity Interests in an underwritten primary or secondary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the U.S. Securities and Exchange Commission in accordance with the Securities Act; provided that the Borrower shall not consummate a Qualified Borrower IPO during any period that AV Minerals directly owns any Equity Interests in Novelis Aluminium Holdings Unlimited, Novelis Deutschland GmbH, or in any other Subsidiary of AV Minerals other than AV Metals, Successor Holdings and Designated Holdco.

“Qualified Capital Stock” of any person shall mean any Equity Interests of such person that are not Disqualified Capital Stock.

“Qualified ECP Guarantor” shall mean, in respect of any Swap Obligation, each Loan Party that has total assets exceeding \$10,000,000 at the time the relevant Guarantee (or in the case of each Co-Borrower, guarantee) or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Qualified IPO” shall mean the issuance by Holdings (or, on and after the Designated Holdco Effective Date, Designated Holdco), or any direct or indirect parent of Holdings (or, on and after the Designated Holdco Effective Date, Designated Holdco) which, (x) in the case of Holdings, owns no material assets other than its direct or indirect ownership interest in the Equity Interests of the Borrower (or, on and after the Designated Holdco Effective Date, Designated Holdco and, to the extent permitted by Section 6.15(a)(i)(y), Novelis Aluminum Holdings Unlimited and Aleris Germany) and the other assets permitted by Section 6.15, or (y) on and after the Specified AV Minerals Joinder Date, in the case of AV Minerals, owns no material assets other than its direct ownership interests in Holdings and the assets described in clause (x) above, of its common Equity Interests in an underwritten primary or secondary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the U.S. Securities and Exchange Commission in accordance with the Securities Act; provided that neither Holdings nor Designated Holdco shall consummate a Qualified IPO (other than a Qualified IPO consummated solely with the issuance of Equity Interests by a direct or indirect parent of AV Minerals) during any period that AV Minerals directly owns any Equity Interests in Novelis Aluminium Holdings Unlimited, Novelis Deutschland GmbH, or in any other Subsidiary of AV Minerals other than AV Metals, Successor Holdings and Designated Holdco.

“Qualified Securitization Transaction” shall mean any transaction or series of transactions that may be entered into by any Restricted Subsidiary (other than a Restricted Subsidiary organized under the laws of a Principal Jurisdiction (excluding from such requirement as to the absence of Restricted Subsidiaries organized under the laws of a Principal Jurisdiction, any Permitted German Alternative Financing, any Permitted Customer Account Financing or any Permitted Novelis Switzerland Financing)) pursuant to which such Restricted Subsidiary may sell, convey or otherwise transfer to a Securitization Entity or may grant a security interest in any Receivables (whether now existing or arising or acquired in the future) of such Restricted Subsidiary or any Related Security or Securitization Assets; provided that no Receivables or other property of any Company organized in a Principal Jurisdiction (excluding from such requirement as to the absence of property of a Company organized in a Principal Jurisdiction, any Permitted German Alternative Financing, any Permitted Customer Account Financing and any Permitted Novelis Switzerland Financing) shall be subject to a Qualified Securitization Transaction.

“Qualifying Lenders” shall have the meaning assigned to such term in the definition of “Discounted Purchase”.

“Qualifying Loans” shall have the meaning assigned to such term in the definition of “Discounted Purchase”.

“Real Property” shall mean, collectively, all right, title and interest (including any freehold, leasehold, minerals or other estate) in and to any and all parcels of or interests in real property owned, leased or operated by any person, whether by lease, license or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all

improvements and appurtenant fixtures, all general intangibles and contract rights and other property and rights incidental to the ownership, lease or operation thereof.

“Recapture Amounts” shall mean, at any time of determination, the cumulative amount of the Investment Recapture Amount plus the Dividend Recapture Amount plus the Prepayments Recapture Amount paid since the Closing Date.

“Receivable” shall mean the indebtedness and other obligations owed to any Company (other than any Company organized under the laws of a Principal Jurisdiction (excluding from such requirement as to the absence of a Company organized in a Principal Jurisdiction, any Permitted German Alternative Financing, any Permitted Customer Account Financing or any Permitted Novelis Switzerland Financing)) (at the time such indebtedness and other obligations arise, and before giving effect to any transfer or conveyance contemplated under any Qualified Securitization Transaction documentation) arising in connection with the sale of goods or the rendering of services by such person, including any indebtedness, obligation or interest constituting an Account, contract right, payment intangible, promissory note, chattel paper, instrument, document, investment property, financial asset or general intangible, in each case, arising in connection with the sale of goods or the rendering of services by such person, and further includes, the obligation to pay any finance charges with respect thereto.

“Receivables Purchase Agreement” shall mean each of (a) the Non-Recourse Receivables Purchase Agreement, dated July 6, 2007 (as amended and restated on December 17, 2010 and as further amended from time to time) and any related servicing agreements (collectively, the “German Receivables Purchase Agreement”) between the German Seller, on the one hand, and Novelis AG, on the other hand, in each case providing, inter alia, for the sale and transfer of Accounts by the German Seller to Novelis AG, and (b) any other receivables purchase agreement and related servicing agreements entered into after the Closing Date between a “Receivables Seller” and a “Borrower” or “Borrowing Base Guarantor” (as each is defined in the Revolving Credit Agreement and any corresponding term in any successor agreement), in order that the receivables subject thereto may be included in the borrowing base established under the Revolving Credit Agreement and in form and substance reasonably satisfactory to the Revolving Credit Administrative Agent.

“Receiver” shall mean a receiver or receiver and manager or, where permitted by law, an administrative receiver of the whole or any part of the Collateral, and that term will include any appointee under joint and/or several appointments.

“Reference Bank Quotation” means any quotation supplied to the Administrative Agent by a Reference Bank.

“Reference Bank Rate” shall mean the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Administrative Agent at its request by the Reference Banks,

in relation to a Borrowing, as the rate at which the relevant Reference Bank could borrow funds in the London interbank market in the relevant currency and for the relevant Interest Period were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that Interest Period; provided, that if the Reference Bank Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Reference Banks” shall mean, in relation to a Borrowing, the principal London offices of any financial institution appointed by the Administrative Agent as a “Reference Bank” in consultation with the Designated Company and with the consent of such Reference Bank.

“Refinancing Amendment” shall mean an amendment to this Agreement in form and substance reasonably satisfactory to the Administrative Agent and the Designated Company executed by each of (a) the Loan Parties, (b) the Administrative Agent and (c) each Additional Lender and Lender that agrees to provide any portion of the Credit Agreement Refinancing Indebtedness being incurred pursuant thereto, in accordance with Section 2.24.

“Refinanced Debt” shall have the meaning assigned to such term in the definition of “Credit Agreement Refinancing Indebtedness”.

“Register” shall have the meaning assigned to such term in Section 11.04(c).

“Registered Equivalent Notes” shall mean, with respect to any notes originally issued in a Rule 144A or other private placement transaction under the Securities Act of 1933, substantially identical notes (having the same guarantees) issued in a dollar-for-dollar exchange therefor pursuant to an exchange offer registered with the SEC.

“Regulation” shall have the meaning assigned to such term in Section 3.25.

“Regulation D” shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation S-X” shall mean Regulation S-X promulgated under the Securities Act.

“Regulation T” shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation U” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation X” shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Related Business Assets” shall mean assets (other than cash or Cash Equivalents) used or useful in a Similar Business; provided that any assets received by any Loan Party in exchange for assets transferred by a Loan Party shall not be deemed to be Related Business Assets if they consist of securities of a person, unless upon receipt of the securities of such person, such person would become a Loan Party.

“Related Parties” shall mean, with respect to any person, such person’s Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such person and of such person’s Affiliates.

“Related Security” shall mean, with respect to any Receivable, all of the applicable Restricted Subsidiary’s interest in the inventory and goods (including returned or repossessed inventory or goods), if any, the sale of which by the applicable Company gave rise to such Receivable, and all insurance contracts with respect thereto, all other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable, all guaranties, letters of credit, letter-of-credit rights, supporting obligations, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the contract related to such Receivable or otherwise, all service contracts and other contracts and agreements associated with such Receivable, all records related to such Receivable, and all of the applicable Company’s right, title and interest in, to and under the applicable Qualified Securitization Transaction documentation or Permitted Factoring Facility documentation.

“Release” shall mean any spilling, leaking, seepage, pumping, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, emanating or migrating of any Hazardous Material in, into, onto or through the Environment.

“Relevant External Company” shall mean “relevant external company” within the meaning of the Irish Companies Act.

“Reorganization Plan” shall have the meaning assigned to such term in Section 11.04(g)(iii).

“Repatriation Limitation” shall have the meaning assigned to such term in Section 2.10(i).

“Reply Amount” shall have the meaning assigned to such term in the definition of “Discounted Purchase”.

“Required Lenders” shall mean, as of any date of determination, Lenders holding more than 50% of the sum of all Loans outstanding and unused Commitments (if any); provided that the Commitment of, and the portion of the Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Requirements of Law” shall mean, collectively, any and all legally binding requirements of any Governmental Authority including any and all laws, judgments, orders, decrees, ordinances, rules, regulations, statutes or case law, including, without limitation, the U.S. Hold Separate Order.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Response” shall mean (a) “response” as such term is defined in CERCLA, 42 U.S.C. § 9601(24), and (b) all other actions required by any Governmental Authority or voluntarily undertaken to (i) clean up, remove, treat, abate or in any other way address any Hazardous Material in the Environment; (ii) prevent the Release or threat of Release, or minimize the further Release, of any Hazardous Material; or (iii) perform studies and investigations in connection with, or as a precondition to, or to determine the necessity of the activities described in, clause (i) or (ii) above.

“Responsible Officer” shall mean, with respect to any Person, any of the principal executive officers, managing members or general partners of such Person but, in any event, with respect to financial matters, the chief financial officer, finance director, treasurer or controller of such person, and, solely for purposes of notices given under Article II, any other officer or employee such Person so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of such Person designated in or pursuant to an agreement between such Person and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Grantor” shall mean a Loan Party that has granted a Guarantee that is subject to limitations that impair in any material respect the benefit of such Guarantee (as determined by the Administrative Agent in its reasonable discretion) (it being expressly understood and agreed that (i) neither the Borrower nor any Loan Party that is a Canadian Guarantor, a U.K. Guarantor, a Dutch Guarantor, a Dubai Guarantor or a U.S. Guarantor shall be a Restricted Grantor and (ii) except as may be otherwise determined by the Administrative Agent in its reasonable discretion, each Loan Party that is a German Guarantor, an Irish Guarantor, a Swiss Guarantor, a French Guarantor or a Brazilian Guarantor shall be a Restricted Grantor).

“Restricted Subsidiary” shall mean, as the context requires, (i) any Subsidiary of Holdings other than an Unrestricted Subsidiary ~~and~~, (ii) on and after the Specified AV Minerals Joinder Date, any Subsidiary of AV Minerals other than an Unrestricted Subsidiary, and (iii) any Subsidiary of the Designated Company other than an Unrestricted Subsidiary.

“Revolving Credit Administrative Agent” shall mean the “Administrative Agent” (or term of like import) under and as defined in the Revolving Credit Agreement, and its successors and assigns in such capacity.

“Revolving Credit Agents” shall mean the “Agents” (as defined in the Revolving Credit Loan Documents) (or term of like import), including the Revolving Credit Administrative Agent and the Revolving Credit Collateral Agent.

“Revolving Credit Agreement” shall mean (i) that certain Second Amended and Restated Credit Agreement, dated as of October 6, 2014, among the Loan Parties, the Revolving Credit Lenders, Wells Fargo Bank, N.A. (London Branch), as European swingline lender, Wells Fargo Bank, National Association, as issuing bank and U.S. swingline lender, the Revolving Credit Collateral Agent, the Revolving Credit Administrative Agent, Merrill, Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets, Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, The Royal Bank of Scotland plc and UBS Securities LLC, as co-syndication agents, SunTrust Robinson Humphrey, Inc., as senior managing agent, and Wells Fargo Bank, National Association, Merrill, Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets, Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, RBS Securities Inc. and UBS Securities LLC, as joint lead arrangers and joint bookmanagers, as amended, restated, supplemented or modified from time to time to the extent permitted by this Agreement and the Intercreditor Agreement and (ii) any other credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any indebtedness or other financial accommodation that has been incurred to extend (subject to the limitations set forth herein and in the Intercreditor Agreement) or refinance in whole or in part the indebtedness and other obligations outstanding under the (x) credit agreement referred to in clause (i) or (y) any subsequent Revolving Credit Agreement, in each case which constitutes a Permitted Revolving Credit Facility Refinancing with respect to the Revolving Credit Loans, unless such agreement or instrument expressly provides that it is not intended to be and is not a Revolving Credit Agreement hereunder (provided that in connection with such refinancing, the commitments relating to such indebtedness that has been refinanced are terminated). Any reference to the Revolving Credit Agreement hereunder shall be deemed a reference to any Revolving Credit Agreement then in existence.

“Revolving Credit Collateral Agent” shall mean the “Collateral Agent” (or term of like import) under and as defined in the Revolving Credit Agreement, and its successors and assigns in such capacity.

“Revolving Credit Commitments” shall mean the commitments of the Revolving Credit Lenders to make Revolving Credit Loans under the Revolving Credit Agreement.

“Revolving Credit Lenders” shall mean the banks, financial institutions and other entities from time to time party to the Revolving Credit Agreement as lenders.

“Revolving Credit Loan Documents” shall mean the Revolving Credit Agreement and the other “Loan Documents” as defined in the Revolving Credit Agreement and any corresponding term in any successor Revolving Credit Agreement permitted hereby, including the mortgages and other security documents, guaranties and the notes issued thereunder.

“Revolving Credit Loans” shall mean the revolving loans and swingline loans outstanding under the Revolving Credit Agreement.

“Revolving Credit Maturity Date” shall have meaning assigned to the term “Maturity Date” in the Revolving Credit Agreement (and any corresponding term in any successor Revolving Credit Agreement permitted hereby).

“Revolving Credit Priority Collateral” shall mean all “Revolving Credit Priority Collateral” as defined in the Intercreditor Agreement.

“Revolving Credit Secured Parties” shall mean the Revolving Credit Administrative Agent, the Revolving Credit Collateral Agent and each other Person that is a “Secured Party” under the Revolving Credit Agreement.

“Revolving Credit Security Documents” shall have the meaning assigned to the term “Security Documents” in the Revolving Credit Agreement (and any corresponding term in any successor Revolving Credit Agreement permitted hereby).

“S&P” shall mean Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. and any successor thereto.

“Sale and Leaseback Transaction” shall have the meaning assigned to such term in Section 6.03.

“Sanctioned Country” shall have the meaning assigned to such term in Section 3.22.

“Sanctioned Person” shall have the meaning assigned to such term in Section 3.22.

“Sanctions” shall have the meaning assigned to such term in Section 3.22.

“Sarbanes-Oxley Act” shall mean the United States Sarbanes-Oxley Act of 2002, as amended, and all rules and regulations promulgated thereunder.

“SCB” shall mean Standard Chartered Bank and its successors.

“Screen Rate” shall have the meaning assigned to such term in the definition of Eurodollar Base Rate.

“Second Amendment” shall mean that certain Amendment No. 2 to Credit Agreement, dated as of November 20, 2018, among the Borrower, HoldingsAV Metals, the other Loan Parties party thereto, the Lenders party thereto, the Administrative Agent and the Collateral Agent.

“Second Amendment Effective Date” shall mean the “Amendment Effective Date” as defined in the Second Amendment.

“Section 347” shall have the meaning assigned to such term in Section 2.19(a).

“Secured Debt Agreement” shall mean (i) this Agreement and (ii) the other Loan Documents.

“Secured Hedge Provider” shall mean (i) any person that is a counterparty to a Hedging Agreement with any Loan Party that was a Lender, Arranger or Agent (or an Affiliate of a Lender, Arranger or Agent) on the date of entering into such Hedging Agreement (or, with respect to Hedging Agreements in effect at the Closing Date, on the Closing Date), (ii) any other person that is counterparty to a Hedging Agreement with any Loan Party if, at or prior to the time such Hedging Agreement is entered into, the Designated Company shall designate such person as a “Secured Hedge Provider” in a notice to the Administrative Agent and the Collateral Agent, which person shall execute a Secured Hedge Provider Joinder, (iii) any Person that is a counterparty to a Hedging Agreement with any Loan Party that is in effect on the Closing Date and was entered into prior to the Closing Date to the extent that such Person is listed as a “Secured Hedge Provider” on Schedule 1.01(d), which Person shall become a Secured Hedge Provider on the day following the Closing Date but shall cease to be a Secured Hedge Provider if such Person fails to execute a Secured Hedge Provider Joinder on or prior to the ninetieth (90th) day after the Closing Date, and (iv) any Person that is a counterparty to a Hedging Agreement with a Subsidiary acquired by the Companies pursuant to the Aleris Acquisition that is in effect on the Aleris Acquisition Closing Date and was entered into prior to the Aleris Acquisition Closing Date, ~~solely to the extent;~~ provided that ~~(x) such Person has executed and delivered shall cease to be~~ a Secured Hedge Provider ~~Joinder on or prior to the ninetieth (date that is 90th)-day days~~ after the Aleris Acquisition Closing Date (or such later ~~dated~~date agreed by the Administrative Agent) ~~and (y) the Companies~~

~~and such Person shall have~~ if such Person has not, on or prior to such date, (x) executed and delivered to the Administrative Agent a Secured Hedge Provider Joinder and (y) complied with the Aleris Hedging Collateral Requirements with respect to such Hedging Agreement.

“Secured Hedge Provider Joinder” shall mean a letter agreement substantially in the form of Exhibit Q attached hereto or in such other form as may be acceptable to the Administrative Agent pursuant to which such person (i) appoints the Administrative Agent and the Collateral Agent as its agent under the applicable Loan Documents with respect to Collateral, as provided therein, and (ii) agrees to be bound by the provisions of Section 10.03, Section 10.09, the Intercreditor Agreement and the Security Documents as if it were a Lender.

“Secured Net Leverage Ratio” shall mean, with respect to any Calculation Date, the ratio of (a) Consolidated Total Net Debt as of the Calculation Date (other than any portion of Consolidated Total Net Debt that is unsecured) to (b) Consolidated EBITDA for the Test Period most recently ended prior to the Calculation Date for which financial information has been delivered to the Administrative Agent and the Lenders pursuant to Section 4.01(d), Section 5.01(a) or Section 5.01(b).

“Secured Obligations” shall mean (a) the Obligations and (b) the due and punctual payment and performance of all obligations of the Designated Company and the other Loan Parties under each Hedging Agreement entered into with any Secured Hedge Provider. The Secured Obligations shall not include any Excluded Swap Obligations.

“Secured Parties” shall mean, collectively, the Administrative Agent, the Collateral Agent, each co-agent or sub-agent appointed by the Administrative Agent or the Collateral Agent, any Receiver or Delegate, the Lenders and any Secured Hedge Provider (to the extent such Secured Hedge Provider executes and delivers to the Administrative Agent and the Collateral Agent a Secured Hedge Provider Joinder).

“Securities Act” shall mean the Securities Act of 1933.

“Securities Collateral” shall mean, collectively, the Pledged Securities, the Pledged Intercompany Notes and the Pledged Distributions.

“Securitization Assets” shall mean all existing or hereafter acquired or arising (i) Receivables that are sold, assigned or otherwise transferred pursuant to a Qualified Securitization Transaction, (ii) the Related Security with respect to the Receivables referred to in clause (i) above, (iii) the collections and proceeds of the Receivables and Related Security referred to in clauses (i) and (ii) above, (iv) all lockboxes, lockbox accounts, collection accounts or other deposit accounts into which such collections are deposited (and in any event excluding any lockboxes, lockbox accounts, collection accounts or deposit accounts that any Company organized

under the laws of any Principal Jurisdiction has an interest in (other than in connection with a Permitted German Alternative Financing, any Permitted Customer Account Financing and any Permitted Novelis Switzerland Financing)) and which have been specifically identified and consented to by the Administrative Agent, (v) all other rights and payments which relate solely to such Receivables and (vi) all cash reserves comprising credit enhancements for such Qualified Securitization Transaction.

“Securitization Entity” shall mean any corporation, company (including any limited liability company), association, partnership, joint venture, trust, mutual fund or other business entity to which any Restricted Subsidiary (excluding any Restricted Subsidiary that is organized in a Principal Jurisdiction (excluding from such requirement that such Restricted Subsidiary not be organized in a Principal Jurisdiction, any Permitted German Alternative Financing, any Permitted Customer Account Financing and any Permitted Novelis Switzerland Financing)) or any other Securitization Entity transfers Receivables and Related Security) (a) which engages in no activities other than in connection with the financing of Receivables or Related Security, (b) which is designated by the Board of Directors of the Designated Company as a Securitization Entity, (c) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Designated Company or any Restricted Subsidiary (excluding guarantees of such transferor Restricted Subsidiary of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings and guarantees by the Securitization Entity), (ii) is recourse to or obligates the Designated Company or any Restricted Subsidiary (other than the Securitization Entity) in any way other than pursuant to Standard Securitization Undertakings or (iii) subjects any property or asset of the Designated Company or any Restricted Subsidiary (other than the Securitization Entity), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings and other than any interest in the Receivables and Related Security being financed (whether in the form of any equity interest in such assets or subordinated indebtedness payable primarily from such financed assets) retained or acquired by the transferor Restricted Subsidiary, (d) to which none of the Designated Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity’s financial condition or cause such entity to achieve certain levels of operating results and (e) with which none of Holdings, the Designated Company nor any Restricted Subsidiary of the Designated Company (nor, on and after the Specified AV Minerals Joinder Date, AV Minerals) has any material contract, agreement, arrangement or understanding other than those customary for a Qualified Securitization Transaction and, in any event, on terms no less favorable to Holdings, the Designated Company or such Restricted Subsidiary ~~that~~(or, on and after the Specified AV Minerals Joinder Date, AV Minerals) than those that might be obtained at the time from Persons that are not Affiliates of the Designated Company or such Restricted Subsidiary. Any such designation by the Board of Directors shall be evidenced to the Administrative Agent by providing the Administrative Agent with a certified copy of the resolution of the Board of Directors giving effect to such designation and an Officers’ Certificate certifying that such designation complied with the foregoing conditions.

“Security Agreement” shall mean each U.S. Security Agreement, each Canadian Security Agreement, each U.K. Security Agreement, each Swiss Security Agreement, each German Security Agreement, each Irish Security Agreement, each Brazilian Security Agreement, each

French Security Agreement, each Dubai Security Agreement, each Belgian Security Agreement, each Dutch Security Agreement and each other Security Agreement entered into pursuant to Section 5.11(b), individually and collectively, as the context may require.

“Security Agreement Collateral” shall mean all property pledged or granted as Collateral pursuant to any Security Agreement (a) on the Closing Date or (b) thereafter pursuant to Section 5.11 or Section 5.15.

“Security Documents” shall mean each Security Agreement, the Mortgages, any Security Trust Deed, and each other security document, deed of trust, charge or pledge agreement delivered in accordance with applicable local or foreign law to grant a valid, perfected security interest in any property as Collateral for the Secured Obligations, and all UCC or other financing statements or financing change statements, control agreements, bailee notification letters, or instruments of perfection required by this Agreement, any Security Agreement, any Mortgage or any other such security document, charge or pledge agreement to be filed with respect to the security interests in property and fixtures created pursuant to any Security Agreement or any Mortgage and any other document or instrument utilized to pledge or grant or purport to pledge or grant a security interest or lien on any property as Collateral for the Secured Obligations or to perfect, obtain control over or otherwise protect the interest of the Collateral Agent therein.

“Security Trust Deed” shall mean any security trust deed to be executed by, among others, the Collateral Agent, the Administrative Agent and any Loan Party granting security over U.K., ~~Irish~~ Irish or Hong Kong assets of any Loan Party.

“Senior Note Agreements” shall mean (a) the Indenture, dated as of ~~August 29~~ January 16, 2016 ~~2020~~, by and among the U.S. Issuer, the guarantors from time to time party thereto, and Regions Bank, as trustee, and (b) the Indenture, dated as of September 14, 2016, by and among the U.S. Issuer, the guarantors from time to time party thereto, and Regions Bank, as trustee, in each case pursuant to which the applicable Senior Notes were issued.

“Senior Note Documents” shall mean the Senior Notes, the Senior Note Agreements, the Senior Note Guarantees and all other documents executed and delivered with respect to the Senior Notes or the Senior Note Agreements.

“Senior Note Guarantees” shall mean the guarantees of the Loan Parties (other than the U.S. Issuer) pursuant to the Senior Note Agreements.

“Senior Notes” shall mean the U.S. Issuer’s ~~6.254.75%~~ 6.254.75% Senior Notes due ~~2024~~ 2030 and 5.875% Senior Notes due 2026, each issued pursuant to the applicable Senior Note Agreements, and any senior notes issued pursuant to a Permitted Refinancing of the Senior Notes (and any Registered Equivalent Notes).

“Senior Representative” shall mean, with respect to any series of Permitted First Priority Refinancing Debt, Permitted Second Priority Refinancing Debt, Additional Senior Secured Indebtedness or Junior Secured Indebtedness, the trustee, administrative agent, collateral agent, security agent or similar agent under the indenture or agreement pursuant to which such Indebtedness is issued, incurred or otherwise obtained, as the case may be, and each of their successors in such capacities.

“Senior Secured Net Leverage Ratio” shall mean, with respect to any date of determination (the “Calculation Date”), the ratio of (a) Consolidated Total Net Debt as of the Calculation Date (other than any portion of Consolidated Total Net Debt that is unsecured or is secured solely by Liens that are subordinated to the Liens securing the Secured Obligations pursuant to the Intercreditor Agreement) (it being understood that Indebtedness under the Revolving Credit Loan Documents which constitutes Consolidated Total Net Debt will be included in the Senior Secured Net Leverage Ratio) to (b) Consolidated EBITDA for the Test Period most recently ended prior to the Calculation Date for which financial information has been delivered to the Administrative Agent and the Lenders pursuant to Section 5.01(a) or (b); provided that if the Senior Secured Net Leverage Ratio is being determined for purposes of determining the Excess Cash Flow Percentage for a particular Excess Cash Flow Period, then Consolidated EBITDA for such Excess Cash Flow Period shall be utilized in clause (b) of this ratio.

“Series of Cash Neutral Transactions” shall mean any series of Investments, incurrences of Indebtedness, Asset Sales in the form of transfers of intercompany promissory notes and Equity Interests or similar instruments and/or Dividends solely among Companies; provided that (i) the amount of cash or Cash Equivalents transferred by any Company (each such Company, an “Initiating Company”) to another Company in such Series of Cash Neutral Transactions is not greater than the amount of cash or Cash Equivalents received by such Initiating Company in such Series of Cash Neutral Transactions less reasonable transaction expenses and taxes (which cash and Cash Equivalents must be received by such Initiating Company within three Business Days of the initiation of such Series of Cash Neutral Transactions), (ii) any Collateral (including cash or Cash Equivalents of any Loan Party involved in such Series of Cash Neutral Transactions) shall remain subject to a perfected security interest of the Collateral Agent, and the validly, perfection and priority of such security interest shall not be impaired by or in connection with such Series of Cash Neutral Transactions, (iii) no more than \$50,000,000 in aggregate of cash or Cash Equivalents may be held by Companies that are not Loan Parties in connection with transfers from Loan Parties as part of such Series of Cash Neutral Transactions (and any such Company that is not a Loan Party may not retain any of such cash or Cash Equivalents after giving effect to the Cash Neutral Transactions), (iv) the fair market value of the assets (other than cash or Cash Equivalents) that may be held by Companies that are not Loan Parties in connection with transfers from Loan Parties as part of such Series of Cash Neutral Transactions may not exceed \$50,000,000 in the aggregate and (v) the ownership interests of any Unrestricted Grantor in any of its Subsidiaries shall not be reduced as a result thereof.

“Significant Event of Default” shall mean any Event of Default under Section 8.01(a), (b), (g) or (h).

“Similar Business” shall mean any business conducted by the Borrower and the other Loan Parties on the Effective Date as described in the Confidential Information Memorandum (or, in the good faith judgment of the Board of Directors of the Designated Company, which is substantially related thereto or is a reasonable extension thereof).

“Specified Aleris Hedging Agreements” shall mean Hedging Agreements with Aleris or any of its Subsidiaries that are required to be secured by a Lien on any assets of Aleris or any of its Subsidiaries, in each case other than solely as a result of the designation of any counterparty thereto as a “Secured Hedge Provider” in accordance with the terms hereof.

“Specified Aleris Subsidiaries” shall mean, after giving effect to the [Aleris Acquisition](#), each direct or indirect ~~Foreign~~-Subsidiary of Aleris that [at any time](#) (a) is a borrower under the Revolving Credit Agreement, or (b) directly or indirectly owns one or more Subsidiaries described in [clause \(a\) above](#); [provided that, to the extent that the Revolving Credit Agreement excludes Aleris Asia Pacific Limited and Aleris Rolled Products Mexico, S. de R.L. de C.V. from the definition of Specified Aleris Subsidiaries, then such entities shall not constitute Specified Aleris Subsidiaries hereunder.](#)

“Specified Divestiture” shall mean any Asset Sale by Aleris or any of its Subsidiaries, or Holdings or any of its Subsidiaries, required in connection with obtaining regulatory (including antitrust) approval for the Aleris Acquisition, whether or not such Asset Sale occurs prior to or after the Aleris Acquisition Closing Date.

“Specified Equity Contribution” shall mean any cash contribution to the common equity of Holdings and/or any purchase or investment in an Equity Interest of Holdings other than Disqualified Capital Stock in each case made pursuant to [Section 8.04](#).

“Specified Holders” shall mean Hindalco and its Affiliates.

“Specified Time” shall mean, with respect to each Interest Period, at approximately 11:00 a.m. (London time) on the date that is two London Banking Days prior to the commencement of such Interest Period.

“Specified Transaction” shall mean, with respect to any period, any Permitted Acquisition (other than any Permitted Acquisition where the amount of the Acquisition Consideration plus the fair market value of any Equity Interests which constitutes all or a portion of the purchase price is less than \$15,000,000), any Asset Sale (other than (x) any disposition in the ordinary course of business and (y) any disposition where the fair market value of the assets disposed of is less than \$15,000,000), any Dividend made pursuant to [Section 6.08\(d\)](#), any designation or redesignation of a Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary, any incurrence or

prepayment of Indebtedness (including any transaction under Section 6.11), or any Incremental Term Loan or Revolving Credit Commitment increase.

“Spot Selling Rate” shall mean, on any date of determination for a currency, the rate quoted by the Administrative Agent as the spot rate for the purchase by the Administrative Agent of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date 2 Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent may obtain such spot rate from another financial institution designated by the Administrative Agent if the Administrative Agent does not have as of the date of determination a spot buying rate for any such currency.

“Standard Factoring Undertakings” shall mean representations, warranties, covenants and indemnities entered into by any Restricted Subsidiary that are negotiated in good faith at arm’s length in a Receivables factoring transaction so long as none of the same constitute Indebtedness or a Contingent Obligation (other than in connection with an obligation to repurchase receivables that do not satisfy related representations and warranties) or otherwise require the provision of credit support in excess of customary credit enhancement established upon entering into such Receivables factoring transaction negotiated in good faith at arm’s length.

“Standard Securitization Undertakings” shall mean representations, warranties, covenants and indemnities entered into by any Restricted Subsidiary that are negotiated in good faith at arm’s length in a Receivables securitization transaction so long as none of the same constitute Indebtedness, a Contingent Obligation (other than in connection with an obligation to repurchase receivables that do not satisfy related representations and warranties) or otherwise require the provision of credit support in excess of customary credit enhancement established upon entering into such Receivables securitization transaction negotiated in good faith at arm’s length.

“Subordinated Indebtedness” shall mean Indebtedness of a Loan Party that is subordinated by its terms (including pursuant to the terms of any subordination agreement, intercreditor agreement, or otherwise) in right of payment to the Obligations of such Loan Party.

“Subordination Agreement” shall mean that certain Subordination Agreement dated as of the Closing Date by and among the Loan Parties (other than certain Foreign Subsidiaries), the Collateral Agent and the Administrative Agent.

“Subsidiary” shall mean, with respect to any person (the “parent”) at any date, (i) any corporation, limited liability company, association or other business entity of which securities or other ownership interests representing more than 50% of the voting power of all Equity Interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Board of Directors thereof are, as of such date, owned, controlled or held by the parent and/or one or more subsidiaries of the parent, (ii) any partnership (a) the sole general partner or the managing general partner of which is the parent and/or one or more subsidiaries of the parent or (b) the only

general partners of which are the parent and/or one or more subsidiaries of the parent and (iii) any other person that is otherwise Controlled by the parent and/or one or more subsidiaries of the parent. Unless the context requires otherwise, "Subsidiary" refers to a Subsidiary of Holdings (and, on and after the Specified AV Minerals Joinder Date, AV Minerals). Notwithstanding the foregoing, (A) Logan shall not be treated as a Subsidiary hereunder or under the other Loan Documents unless it qualifies as a Subsidiary under clause (i) of this definition and (B) except as set forth in clause (ii) below, Ulsan JV Subsidiary shall not be treated as a Subsidiary hereunder or under the other Loan Documents at any time that (x) Holdings directly or indirectly owns Equity Interests in Ulsan JV Subsidiary and (y) Holdings or any of its Subsidiaries has the right to elect no more than half of the directors of Ulsan JV Subsidiary and (ii) regardless of whether Ulsan JV Subsidiary is a Subsidiary, the financial results of Ulsan JV Subsidiary shall be included in all consolidated financial results of the Designated Company and its Subsidiaries to the extent the Designated Company consolidates the results of Ulsan JV Subsidiary in its financial statements in accordance with US GAAP; provided that the proportionate interest of the Ulsan Joint Venture Partner in the Ulsan JV Subsidiary and any liability of the Ulsan JV Subsidiary to pay Distributions to the Ulsan Joint Venture Partner with respect to such proportionate interest shall be excluded for the purposes of all financial definitions under this Agreement.

"Subsidiary Guarantor" shall mean each Restricted Subsidiary listed on Schedule 1.01(b), and each other Restricted Subsidiary that is or becomes a party to this Agreement as a Subsidiary Guarantor pursuant to Section 5.11.

"Successor Borrower" shall have the meaning assigned to such term in the definition of "Permitted Holdings Amalgamation".

"Successor Holdings" shall have the meaning assigned to such term in the definition of "Permitted Holdings Amalgamation".

"Successor Rate" shall have the meaning assigned to such term in Section 2.11.

"Survey" shall mean a survey of any Mortgaged Property (and all improvements thereon) which is (a) (i) prepared by a surveyor or engineer licensed to perform surveys in the jurisdiction where such Mortgaged Property is located, (ii) current as of a date which shows all exterior construction on the site of such Mortgaged Property or any easement, right of way or other interest in the Mortgaged Property has been granted or become effective through operation of law or otherwise with respect to such Mortgaged Property which, in either case, can be depicted on a survey, unless otherwise acceptable to the Collateral Agent, (iii) certified by the surveyor (in a manner reasonably acceptable to the Collateral Agent) to the Administrative Agent, the Collateral Agent and the Title Company, (iv) complying in all respects with the minimum detail requirements of the American Land Title Association (or the local equivalent) as such requirements are in effect on the date of preparation of such survey and (v) sufficient for the Title Company to remove all standard survey exceptions from the title insurance policy (or commitment) relating to such

Mortgaged Property and issue the endorsements of the type required by Section 5.15 or (b) otherwise reasonably acceptable to the Collateral Agent.

“Surviving Aleris Debt” shall mean, to the extent outstanding on the Aleris Acquisition Closing Date after giving effect to the Aleris Acquisition, Indebtedness incurred by one or more Companies organized under the laws of the People’s Republic of China that is not a Loan Party pursuant to the terms of the non-recourse multi-currency secured term loan facilities and the revolving facilities of Aleris Aluminum (Zhenjiang) Co., Ltd., in each case, as in effect on the Aleris Acquisition Closing Date.

“Swap Obligation” shall mean, with respect to any Guarantor (or Co-Borrower with respect to the obligations of any other Loan Party under any Hedging Agreement entered into with a counterparty that is a Secured Party), any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“Swiss Guarantor” shall mean each Restricted Subsidiary of the Designated Company organized in Switzerland party hereto as a Guarantor, and each other Restricted Subsidiary of the Designated Company incorporated in Switzerland that becomes a Guarantor pursuant to the terms hereof.

“Swiss Security Agreement” shall mean, collectively, (i) any Security Agreement, including all sub-parts thereto, among any Swiss Guarantors (and such other Persons as may be party thereto) and the Collateral Agent for the benefit of the Secured Parties, (ii) each pledge agreement, mortgage, security agreement, guarantee or other agreement that is entered into by any Swiss Guarantor or any Person who is the holder of Equity Interests in any Swiss Guarantor in favor of the Collateral Agent and/or the Revolving Credit Collateral Agent in its capacity as agent for the Secured Parties pursuant to the terms of the Intercreditor Agreement and the other Loan Documents, and (iii) any other pledge agreement, mortgage, security agreement or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of Switzerland, securing the Secured Obligations, and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“Swiss Withholding Tax” shall mean any withholding tax in accordance with the Swiss Federal Statute on Anticipatory Tax of 13 October 1965 (Bundesgesetz über die Verrechnungssteuer) and any successor provision, as appropriate.

“Syndication Termination Date” shall mean, (i) with respect to the Initial Term Loans, the earlier to occur of (a) the first date to occur after the Closing Date on which the Mandated Lead Arrangers and their Affiliates collectively hold less than 50% of the Term Loans and (b) April 13,

2017, and (ii) with respect to the Aleris Incremental Term Loans, the Aleris Syndication Termination Date.

“Synthetic Lease Obligation” shall mean the monetary obligation of a Person under a so-called synthetic, off-balance sheet or tax retention lease.

“Tax Return” shall mean all returns, statements, filings, attachments and other documents or certifications required to be filed in respect of Taxes.

“Taxes” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings, payroll, social security, employment and unemployment taxes, assessments, fees or other charges imposed by any Taxing Authority, including any interest, additions to tax or penalties applicable thereto. For greater certainty it shall further be specified that Taxes shall also include any federal, cantonal and municipal direct taxes levied at source in Switzerland as per Article 51 § 1 lit. d and Article 94 of the Swiss Federal Direct Tax Act of December 14, 1990 and as per Article 21 § 2 lit. a and Article 35 § lit. e of the Swiss Federal Harmonization Direct Tax Act of December 14, 1990.

“Taxing Authority” shall mean any Governmental Authority of any jurisdiction or political subdivision thereof with the authority to impose, assess, and collect Taxes and engage in activities of a similar nature with respect to such Taxing Authority.

“Term Loan Commitment” shall mean, (i) with respect to each Lender of Term Loans other than an Aleris Incremental Term Lender, the commitment, if any, of such Lender to make Term Loans hereunder up to the amount (a) in the case of Initial Term Loans, set forth on Schedule 1.01(a) to this Agreement directly under the heading “Term Loan Commitment”, (b) in the case of any other Loans (other than Aleris Incremental Term Loans), set forth in the Increase Joinder (other than the Aleris Increase Joinder Amendment) in respect of such Loans, or (ii) in the case of an Aleris Incremental Term Lender, the Aleris Incremental Term Loan Commitment of such Lender.

“Term Loan Purchase Amount” shall have the meaning assigned to such term in the definition of “Discounted Purchase”.

“Term Loan Repayment Date” shall have the meaning assigned to such term in Section 2.09.

“Term Loans” shall mean the Initial Term Loan, the Aleris Incremental Term Loans, the Other Term Loan and the other Incremental Term Loans, as the context requires.

“Test Period” shall mean, at any time, the four consecutive fiscal quarters of the Designated Company then last ended (in each case taken as one accounting period).

“Third Amendment” shall mean that certain Amendment No. 3 to Credit Agreement and Amendment No. 2 to U.S. Security Agreement, dated as of February 6, 2020, among the Borrower, AV Metals, the other Loan Parties party thereto, Novelis Italia S.P.A., the Lenders party thereto, the Administrative Agent and the Collateral Agent.

“Third Amendment Effective Date” shall mean the “Amendment Effective Date” as defined in the Third Amendment.

“Third Lien Administrative Agent” shall mean any Person acting in such capacity as administrative agent under any Third Lien Credit Agreement and its successors and assigns in such capacity.

“Third Lien Collateral Agent” shall mean any Person acting in such capacity as collateral agent under any Third Lien Credit Agreement and its successors and assigns in such capacity.

“Third Lien Credit Agreement” shall mean any credit agreement among the Loan Parties, any Third Lien Administrative Agent, any Third Lien Collateral Agent and the other parties thereto from time to time, as amended, restated, supplemented or modified from time to time to the extent permitted by this Agreement and the Intercreditor Agreement; provided that the aggregate principal amount of Indebtedness incurred thereunder does not exceed \$200,000,000.

“Third Lien Security Documents” shall mean any security documents under which a Lien has been granted in favor of any Third Lien Collateral Agent and/or any other Person that is a “Secured Party” under the Third Lien Credit Agreement to secure any obligations under a Third Lien Credit Agreement.

“Title Company” shall mean any title insurance company as shall be retained by the Designated Company and reasonably acceptable to the Administrative Agent.

“Title Policy” shall have the meaning assigned to such term in Schedule 5.15.

“Total Net Leverage Ratio” shall mean, with respect to any Calculation Date, the ratio of (a) Consolidated Total Net Debt as of the Calculation Date to (b) Consolidated EBITDA for the Test Period most recently ended prior to the Calculation Date for which financial information has been delivered to the Administrative Agent and the Lenders pursuant to Section 5.01(a) or (b).

“Trade Date” shall have the meaning assigned to such term in Section 11.04(g)(i).

“Transactions” shall mean, collectively, the transactions to occur pursuant to the Loan Documents, including (a) the execution and delivery of the Loan Documents and the initial borrowings hereunder, (b) the repayment in full of all loans and other accrued and outstanding obligations under the Existing Credit Agreement on the Closing Date, and the release and termination of all security interests in connection therewith, in each case in a manner satisfactory to the Mandated Lead Arrangers; and (c) the payment of all fees and expenses to be paid on or prior to the Closing Date and owing in connection with the foregoing.

“Transfer Conditions” shall mean, with respect to any Asset Sale, (a) no Default shall have occurred and be continuing both immediately before and immediately after giving effect to such Asset Sale; (b) the Designated Company shall both immediately before and, on a Pro Forma Basis, immediately after giving effect to such Asset Sale, be in compliance with the Financial Performance Covenant, in each case as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b); and (c) such Asset Sale shall have been made for fair market value.

“Transferred Guarantor” shall have the meaning assigned to such term in Section 7.09.

“Tulip Conditions” shall mean (i) the Tulip Foundation directly owns 50% or less of the Equity Interests of Aleris German GP Holdco; provided that, if at any time after the Aleris Acquisition Closing Date the Tulip Foundation owns a lesser percentage of the Equity Interests of Aleris German GP Holdco, then on and after such date such ownership percentage may not be subsequently increased, (ii) the Tulip Foundation shall not directly or indirectly receive the benefit of any rights under the Organizational Documents of the Aleris German GP Holdco or otherwise (including under any voting rights agreement or other contractual arrangement), other than those in effect on the Third Amendment Effective Date or otherwise consented to in writing by the Administrative Agent in its sole discretion, (iii) the Tulip Foundation shall not have any direct or indirect rights to reduce or impair the value, validity or enforceability of the Guarantee, the Foreign Guarantees, or the Collateral, in each case granted by an Aleris German Non-Wholly Owned Subsidiary or a German Borrower Holding Company, or to otherwise directly or indirectly limit or prohibit the ability of the Secured Parties from enforcing any rights under any Loan Document, (iv) the Tulip Foundation shall not take any adverse action against the Collateral or any Secured Party in respect of any Loan Document, any of the Secured Obligations, or otherwise related to the Collateral or any interest of the Secured Parties in the Aleris German Non-Wholly Owned Subsidiaries and the German Borrower Holding Companies, including in connection with any enforcement of remedies by any Secured Party, and (v) if Aleris Deutschland Vier GmbH & Co. KG does not become a Loan Party on the Aleris Acquisition Closing Date, then following the appointment of managing directors of Aleris German GP Holdco that are reasonably satisfactory to the Designated Company, Aleris Deutschland Vier GmbH & Co. KG shall become a Guarantor and shall pledge its assets, including its shares in Aleris Rolled Products, in accordance with Section 5.11.

“Tulip Foundation” shall mean Stichting Tulip Foundation for arts, sports and elevation, a non-profit organization, and any successor or assign thereof that is a charitable non-profit organization not Controlled by the Designated Company or any of its Restricted Subsidiaries.

“Type,” when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Eurodollar Rate or the Fallback Rate.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided that if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” shall mean the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Ulsan Joint Venture Partner” shall mean Kobe Steel, Ltd., a company organized under the laws of Japan.

“Ulsan JV Subsidiary” shall mean a joint venture stock company organized, or to be organized, in Korea, and registered, or to be registered, in the Commercial Corporate Registry in Korea.

“Ulsan Sale Agreement” shall mean that certain share sale and purchase agreement, dated as of May 10, 2017, between NKL and the Ulsan Joint Venture Partner.

“Ulsan Share Sale” shall mean the sale, pursuant to the terms of the Ulsan Sale Agreement, by NKL of 49.9%% of the Equity Interests owned by NKL in the Ulsan JV Subsidiary to the Ulsan Joint Venture Partner, for cash in the amount of \$314,370,000, and the subsequent sale by NKL of 0.1% of the Equity Interests owned by NKL in the Ulsan JV Subsidiary to the Ulsan Joint Venture Partner, for cash in the amount of \$630,000.

“Undisclosed Administration” means, in relation to a Lender or its direct or indirect parent company, the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian, or other similar official by a supervisory authority or regulator under or based on the law in the country where such Lender or such parent company is subject to home jurisdiction, if applicable law requires that such appointment not be disclosed.

“U.K. Guarantor” shall mean each Restricted Subsidiary of the Designated Company incorporated in England and Wales party hereto as a Guarantor, and each other Restricted Subsidiary of the Designated Company incorporated in England and Wales that becomes a Guarantor pursuant to the terms hereof, and, on and after the Designated Holdco Effective Date, Designated Holdco.

“U.K. Holdco” shall mean a newly formed direct Wholly Owned Subsidiary of AV Minerals, organized under the laws of England and Wales, formed in connection with the Permitted Reorganization.

“U.K. Security Agreement” shall mean, collectively, (i) any Security Agreement, including all sub-parts thereto, among any U.K. Guarantors (and such other Persons as may be party thereto) and the Collateral Agent for the benefit of the Secured Parties, (ii) each pledge agreement, mortgage, security agreement, charge, assignment, guarantee or other agreement that is entered into by any U.K. Guarantor or any Person who is the holder of Equity Interests in any U.K. Guarantor in favor of the Collateral Agent and/or the Revolving Credit Collateral Agent in its capacity as agent for the Secured Parties pursuant to the terms of the Intercreditor Agreement and the other Loan Documents, and (iii) any other pledge agreement, mortgage, security agreement, charge, assignment or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of England and Wales, securing the Secured Obligations, and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“United States” shall mean the United States of America.

“Unrestricted Cash” shall mean cash and Cash Equivalents of the Designated Company and its Restricted Subsidiaries (in each case, free and clear of all Liens (other than Liens permitted pursuant to Section 6.02(a), (j), and (k))), to the extent the use thereof for the application to payment of Indebtedness is not prohibited by law or any contract to which the Designated Company or any of the Restricted Subsidiaries is a party and excluding cash and Cash Equivalents which are listed as “restricted” on the consolidated balance sheet of the Designated Company and its Subsidiaries as of such date.

“Unrestricted Grantors” shall mean Loan Parties that are not Restricted Grantors.

“Unrestricted Subsidiary” shall mean Novelis Services (Europe) Inc., Novelis Services (North America) Inc. and any Subsidiary of the Designated Company designated by the Board of Directors of the Designated Company as an Unrestricted Subsidiary pursuant to Section 5.16 subsequent to the Closing Date.

“Upfront Fee Letter” shall mean the fee letter between the Borrower and the Lenders, dated January 10, 2017.

“Upfront Fees” shall have the meaning assigned to such term in the Upfront Fee Letter.

“US GAAP” shall have the meaning assigned to such term in Section 1.04.

“U.S. Guarantor” shall mean each Co-Borrower or Restricted Subsidiary of the Designated Company organized in the United States, any state thereof or the District of Columbia, party hereto as a Guarantor, and each other Co-Borrower or Restricted Subsidiary of the Designated Company incorporated in the United States, any state thereof or the District of Columbia that becomes a Guarantor pursuant to the terms hereof.

“U.S. Hold Separate Assets” shall mean the assets of Aleris Rolled Products, Inc. located at its plant in Lewisport, KY, and its research and development center in Madison Heights, MI, and all ancillary assets of Aleris Rolled Products, Inc. and/or other U.S. Subsidiaries of Aleris directly related to the operation of such plant or such research and development center, solely to the extent that such assets are required to be held and maintained separate from the other businesses and operations of the Companies and Aleris Rolled Products, Inc. pursuant to the U.S. Hold Separate Order and the U.S. Hold Separate Agreements, collectively.

“U.S. Hold Separate Order” shall mean the order to hold certain U.S. Hold Separate Assets separate from the businesses and assets of the Companies entered by the United States District Court for the Northern District of Ohio on January 9, 2020 in the matter of United States of America v. Novelis, Inc. and Aleris Corporation, No. 19-CV-02033 (filed N.D. Ohio Sept. 4, 2019).

“U.S. Hold Separate Agreements” shall mean all agreements (and any replacements thereof entered into with the prior written consent of the Administrative Agent) among Novelis Inc. and/or any of its U.S. Subsidiaries, and one or more United States Governmental Authorities, in each case entered into in connection with the U.S. Hold Separate Order on or before the Aleris Acquisition Closing Date, copies of which shall be delivered to the Administrative Agent and the Lenders promptly upon the execution thereof; provided that (x) such agreements shall not restrict the pledge of assets of the Companies other than the assets of Aleris Rolled Products, Inc. located at its plant in Lewisport, KY, and all ancillary assets of Aleris Rolled Products, Inc. and/or other U.S. Subsidiaries of Aleris directly related to the operation of such plant and (y) the restrictions on

pledging the assets of Aleris Rolled Products, Inc. located at its plant in Lewisport, KY, and all ancillary assets of Aleris Rolled Products, Inc. and/or other U.S. Subsidiaries of Aleris directly related to the operation of such plant set forth in such agreements shall not, taken as a whole, be materially more restrictive, in the good faith determination of Novelis Inc., than the restrictions on pledging such assets set forth in the U.S. Hold Separate Order (it being understood that the restrictions set forth in such agreements may be more detailed than those set forth in the U.S. Hold Separate Order).

“U.S. Issuer” shall mean Novelis Corporation, a Texas corporation.

“U.S. Loan Parties” shall mean Novelis Acquisitions (and, immediately after giving effect to the merger of Novelis Acquisitions with and into Aleris in connection with the Aleris Acquisition, Aleris) and the U.S. Guarantors.

“U.S. Person” shall mean any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“U.S. Security Agreement” shall mean, collectively (i) any Security Agreement (including all subparts thereto) among any U.S. Loan Parties (and such other Persons as may be party thereto) and the Collateral Agent for the benefit of the Secured Parties, (ii) each pledge agreement, mortgage, security agreement, guarantee or other agreement that is entered into by any U.S. Loan Party or any Person who is the holder of Equity Interests in any U.S. Loan Party in favor of the Collateral Agent and/or the Revolving Credit Collateral Agent in its capacity as agent for the Secured Parties pursuant to the terms of the Intercreditor Agreement and the other Loan Documents, and (iii) any other pledge agreement, mortgage, security agreement or other agreement entered into pursuant to the terms of the Loan Documents, in each case of clauses (i), (ii) and (iii), that is governed by the laws of the United States (or any subdivision thereof), securing the Secured Obligations, and entered into pursuant to the terms of this Agreement or any other Loan Document, as the same may be amended, restated or otherwise modified from time to time.

“U.S. Tax Obligor” shall mean (a) a Co-Borrower which is resident for tax purposes in the United States; or (b) a Loan Party some or all of whose payments under the Loan Documents are from sources within the United States for U.S. federal income tax purposes.

“Voting Stock” shall mean, with respect to any person, any class or classes of Equity Interests pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors of such person.

“Weighted Average Life to Maturity” shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or

other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

“Wholly Owned Subsidiary” shall mean, as to any person, (a) any corporation 100% of whose capital stock (other than directors’ qualifying shares) is at the time owned by such person and/or one or more Wholly Owned Subsidiaries of such person and (b) any partnership, association, joint venture, limited liability company or other entity in which such person and/or one or more Wholly Owned Subsidiaries of such person have a 100% equity interest at such time.

“Wind-Up” shall have the meaning assigned to such term in Section 6.05(g), and the term “Winding-Up” shall have a meaning correlative thereto.

“Withdrawal Liability” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Withholding Agent” shall mean any Loan Party and the Administrative Agent.

“Write-Down and Conversion Powers” shall mean, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., an “Initial Term Loan” or an “Incremental Term Loan”) or Type (e.g., a “Eurodollar Rate Loan”). Borrowings also may be classified and referred to by Class or Type (e.g., a “Eurodollar Term Borrowing”).

Section 1.03 Terms Generally; Currency Translation. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as

the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any Loan Document, agreement, instrument or other document (including any Organizational Document) herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document, including the restrictions set forth in the definition of Aleris Merger Agreement), (b) any reference herein to any person shall be construed to include such person’s successors and assigns, (c) any reference to a Subsidiary of a Person shall include any direct or indirect Subsidiary of such Person, (d) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (f) any reference to any law or regulation herein shall include all statutory and regulatory provisions consolidating, amendment or interpreting such law or regulation and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, (g) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (h) “on,” when used with respect to the Mortgaged Property or any property adjacent to the Mortgaged Property, means “on, in, under, above or about.” For purposes of this Agreement and the other Loan Documents, where the permissibility of a transaction or determinations of required actions or circumstances depend upon compliance with, or are determined by reference to, amounts stated in dollars, such amounts shall be deemed to refer to Dollars or Dollar Equivalents and any requisite currency translation shall be based on the Spot Selling Rate in effect on the Business Day immediately preceding the date of such transaction or determination and the permissibility of actions taken under Article VI shall not be affected by subsequent fluctuations in exchange rates (provided that if Indebtedness is incurred to refinance other Indebtedness, and such refinancing would cause the applicable dollar denominated limitation to be exceeded if calculated at the Spot Selling Rate in effect on the Business Day immediately preceding the date of such refinancing, such dollar denominated restriction shall be deemed not to have been exceeded so long as (x) such refinancing Indebtedness is denominated in the same currency as such Indebtedness being refinanced and (y) the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced except as permitted by the definition of Permitted Refinancing Indebtedness). For purposes of this Agreement and the other Loan Documents, the word “foreign” shall refer to jurisdictions other than the United States, the states thereof and the District of Columbia. From and after the effectiveness of the Permitted Holdings Amalgamation, all references to Borrower in any Loan Document shall refer to the Successor Borrower and (ii) all references to Holdings in any Loan Document shall refer to “Holdings” as defined herein. Subject to Section 11.17, in the case of a conflict between the terms of this Agreement and the terms of any other Loan Document, the terms of this Agreement shall govern and control.

For purposes of any Collateral located in the Province of Quebec or charged by any deed of hypothec (or any other Loan Document) subject to or governed by the laws of the Province of Quebec and for all other purposes pursuant to which the interpretation or construction of a Loan Document may be subject to the laws of the Province of Quebec or a court or tribunal exercising jurisdiction in the Province of Québec, (a) “personal property” shall be deemed to include “movable property”, (b) “real property” shall be deemed to include “immovable property”,

(c) “tangible property” shall be deemed to include “corporeal property”, (d) “intangible property” shall be deemed to include “incorporeal property”, (e) “security interest”, “mortgage” and “lien” shall be deemed to include a “hypothec”, “prior claim” and a “resolatory clause”, (f) all references to filing, registering or recording under the UCC or the PPSA shall be deemed to include publication under the Civil Code, (g) all references to “perfection” of or “perfected” Liens shall be deemed to include a reference to an “opposable” or “set up” Liens as against third parties, (h) any “right of offset”, “right of setoff” or similar expression shall be deemed to include a “right of compensation”, (i) “goods” shall be deemed to include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (j) an “agent” shall be deemed to include a “mandatary” or the “hypothecary representative of the Secured Parties”, as the case may be, (k) “construction liens” shall be deemed to include “legal hypothecs”, (l) “joint and several” shall be deemed to include “solidary”, (m) “gross negligence or willful misconduct” shall be deemed to be “intentional or gross fault”, (n) “beneficial ownership” shall be deemed to include “ownership on behalf of another as mandatary”, (o) “easement” shall be deemed to include “servitude”, (p) “priority” shall be deemed to include “prior claim”, (q) “survey” shall be deemed to include “certificate of location and plan”, and (r) “fee simple title” shall be deemed to include “absolute ownership”.

Section 1.04 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all financial statements to be delivered pursuant to this Agreement shall be prepared in accordance with generally accepted accounting principles in the United States applied on a consistent basis as in effect from time to time (“US GAAP”) and all terms of an accounting or financial nature shall be construed and interpreted in accordance with US GAAP, as in effect from time to time unless otherwise agreed to by the Designated Company and the Required Lenders or as set forth below; provided that (i) the Designated Company may elect to convert from US GAAP for the purposes of preparing its financial statements and keeping its books and records to IFRS and if the Designated Company makes such election it shall give prompt written notice to the Administrative Agent and the Lenders within five Business Days of such election, along with a reconciliation of the Designated Company’s financial statements covering the four most recent fiscal quarters for which financial statements are available (including a reconciliation of the Designated Company’s audited financial statements prepared during such period), (ii) upon election of any conversion to IFRS, the Administrative Agent, the Lenders and the Designated Company shall negotiate in good faith to amend the financial ratios and requirements and other terms of an accounting or a financial nature in the Loan Documents to preserve the original intent thereof in light of such conversion to IFRS (subject to the approval of the Required Lenders); provided that, until so amended (x) such ratios or requirements (and all terms of an accounting or a financial nature) shall continue to be computed in accordance with US GAAP prior to such conversion to IFRS and (y) the Designated Company shall provide to the Administrative Agent and the Lenders any documents and calculations required under this Agreement or as reasonably requested hereunder by the Administrative Agent or any Lender setting forth a reconciliation between calculations of such ratios and requirements and other terms of an accounting or a financial nature made before and after giving effect to such conversion to IFRS and (iii) if at any time any change in US GAAP or change in IFRS would affect the computation of any financial ratio or requirement or other terms of an accounting or a financial nature set forth in any Loan Document, and the Designated Company or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Designated Company shall negotiate in good faith to amend such ratio or requirement or other terms of an accounting or a financial nature to preserve the original intent thereof in light of such

change in US GAAP or change in IFRS (subject to the approval of the Required Lenders); provided that, until so amended, (x) such ratio or requirement or other terms of an accounting or a financial nature shall continue to be computed in accordance with US GAAP prior to such change therein or change in IFRS and (y) the Designated Company shall provide to the Administrative Agent and the Lenders any documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement or other terms of an accounting or a financial nature made before and after giving effect to such change in US GAAP or change in IFRS. Notwithstanding the foregoing, for purposes of determining compliance with any covenant contained herein, Indebtedness of Holdings, the Designated Company and its Subsidiaries (and, on and after the Specified AV Minerals Joinder Date, AV Minerals) shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded. For the avoidance of doubt, with respect to the incurrence of any Indebtedness or the making of any Investment, Asset Sale, Sale Leaseback Transaction or Restricted Payment in reliance on any provision of Article VI hereof that is based on a percentage of Consolidated Net Tangible Assets, such provision shall be deemed to be tested solely upon incurrence of such Indebtedness or the making of any such Investment, Asset Sale, Sale Leaseback Transaction or Restricted Payment with respect to Consolidated Net Tangible Assets as of the end of the most recent period for which financial statements have been delivered under Section 5.01(a) or (b). Notwithstanding anything to the contrary in this Agreement, regardless of whether Ulsan JV Subsidiary is a Subsidiary, the financial results of Ulsan JV Subsidiary shall be included in all consolidated financial results of the Designated Company and its Subsidiaries to the extent the Designated Company consolidates the results of Ulsan JV Subsidiary in its financial statements in accordance with US GAAP; provided that the proportionate interest of the Ulsan Joint Venture Partner in the Ulsan JV Subsidiary and any liability of the Ulsan JV Subsidiary to pay Distributions to the Ulsan Joint Venture Partner with respect to such proportionate interest shall be excluded for the purposes of all financial definitions under this Agreement. Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall be deemed to require the consolidation of Ulsan JV Subsidiary into the consolidated financial results of the Designated Company to the extent not required under US GAAP.

Section 1.05 Resolution of Drafting Ambiguities. Each Loan Party acknowledges and agrees that it was represented by counsel in connection with the execution and delivery of the Loan Documents to which it is a party, that it and its counsel reviewed and participated in the preparation and negotiation hereof and thereof and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation hereof or thereof.

Section 1.06 Pro Forma Calculations. Notwithstanding anything to the contrary herein, the Total Net Leverage Ratio, the Senior Secured Net Leverage Ratio, the Secured Net Leverage Ratio and the Consolidated Interest Coverage Ratio shall be calculated on a Pro Forma Basis with respect to each Specified Transaction occurring during the applicable four quarter period to which such calculation relates, or subsequent to the end of such four-quarter period but not later than the date of such calculation (such period, the "Measurement Period"); provided that notwithstanding the foregoing, (a) when calculating the Senior Secured Net Leverage Ratio for purposes of determining the applicable percentage of Excess Cash Flow set forth in Section 2.10(f), such calculation shall be made on a Pro Forma Basis with respect to Specified Transactions shall not

give effect to Specified Transactions occurring subsequent to the applicable four quarter period and (b) for the purpose of calculating the Total Net Leverage Ratio, the Senior Secured Net Leverage Ratio, and the Secured Net Leverage Ratio on a Pro Forma Basis on any date, Consolidated Total Net Debt shall be increased on a Dollar Equivalent for Dollar Equivalent basis by the lesser of (x) the amount of cash and Cash Equivalents paid by the Companies subsequent to the end of the applicable four quarter period and on or prior to the applicable date of determination, in connection with Specified Transactions and (y) the maximum amount of cash and Cash Equivalents constituting Unrestricted Cash as of the end of the applicable four quarter period.

Section 1.07 Calculation of Reference Bank Rate and Cost of Funds.

(a) Subject to clause (b) below, if the Fallback Rate is to be determined on the basis of a Reference Bank Rate but a Reference Bank does not supply a quotation by the Specified Time, the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Reference Banks.

(b) If at or about the Specified Time, none or only one of the Reference Banks supplies a quotation, there shall be no Reference Bank Rate for the relevant Interest Period.

(c) If the Fallback Rate is to be determined on the basis of the Cost of Funds and the Administrative Agent or the Designated Company so requires, the Administrative Agent and the Designated Company shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest. Any alternative basis agreed pursuant to the immediately preceding sentence shall, with the prior consent of all the Lenders and the Designated Company, be binding on all Parties.

(d) If the Fallback Rate applies, the Administrative Agent shall, as soon as is practicable, notify the Designated Company.

Section 1.08 Role of Reference Banks.

(a) No Reference Bank, in its capacity as such, is under any obligation to provide a quotation or any other information to any Agent.

(b) No Reference Bank, in its capacity as such, will be liable for any action taken by it under or in connection with any Loan Document, or for any Reference Bank Quotation, unless directly caused by such Reference Bank's gross negligence or willful misconduct.

(c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer,

employee or agent in relation to any Loan Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Reference Bank may rely on this Section 1.08.

(d) Except as otherwise expressly set forth herein, no Reference Bank that obtains the benefits of this Section 1.08, shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents.

(e) A Reference Bank which is not a Party may rely on this Section 1.08, and Section 1.09.

Section 1.09 Confidentiality of Funding Rates and Funding Bank Quotations.

(a) Confidentiality and Disclosure

(i) The Administrative Agent and each Loan Party agree to keep each Funding Rate (and, in the case of the Administrative Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (c) and (d) below.

(ii) The Administrative Agent may disclose:

(1) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to any Loan Party; and

(2) any Funding Rate or any Reference Bank Quotation to any Person appointed by it to provide administration services in respect of one or more of the Loan Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement in form and substance reasonably acceptable to the Administrative Agent and the relevant Lender or Reference Bank, as the case may be.

(iii) The Administrative Agent may disclose any Funding Rate or any Reference Bank Quotation, and each Loan Party may disclose any Funding Rate, to:

(1) any of its Affiliates and any of its or their respective Related Parties if any Person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this clause (1) is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if the

recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;

(2) any Person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Administrative Agent or the relevant Loan Party, as the case may be, it is not practicable to do so in the circumstances;

(3) any Person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the Person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Administrative Agent or the relevant Loan Party, as the case may be, it is not practicable to do so in the circumstances; and

(4) any Person with the consent of the relevant Lender or Reference Bank, as the case may be.

(iv) The Administrative Agent's obligations in this Section 1.09 relating to Reference Bank Quotations are without prejudice to any obligation it has to notify the Loan Parties and the Lenders of the determination of a rate of interest under this Agreement; provided that (other than pursuant to clause (ii)(1) above) the Administrative Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

(b) Related Obligations

(i) The Administrative Agent and each Loan Party acknowledge that each Funding Rate (and, in the case of the Agent, each Reference Bank Quotation) is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including securities laws relating to insider dealing and market abuse and the Administrative Agent and each Loan Party undertake not to use any Funding Rate or, in the case of the Administrative Agent, any Reference Bank Quotation, for any unlawful purpose.

(ii) The Administrative Agent and each Loan Party agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:

(1) of the circumstances of any disclosure made pursuant to clause (iii)(2) except where such disclosure is made to any of the persons referred to in that clause during the ordinary course of its supervisory or regulatory function; and

(2) upon becoming aware that any information has been disclosed in breach of this Section 1.09.

(c) No Event of Default

(i) No Event of Default shall occur solely as a result of a Loan Party's failure to comply with this Section 1.09.

Section 1.10 Amendments to Permitted Customer Account Financing Definition. Notwithstanding anything to the contrary in this Agreement or in any other Loan Document, if the definition of "Permitted Customer Account Financing" in the Revolving Credit Agreement is amended after the Second Amendment Effective Date (each such amendment to such definition, a "Permitted ABL Customer Account Financing Amendment"), then on and after the first date that the Companies have complied with the Permitted Customer Account Financing Amendment Conditions in respect of such Permitted ABL Customer Account Financing Amendment, such Permitted ABL Customer Account Financing Amendment shall automatically be deemed to have amended the definition of Permitted Customer Account Financing in this Agreement, and shall be incorporated by reference in the definition of Permitted Customer Account Financing in this Agreement as if set forth fully herein, mutatis mutandis. Thereafter, upon the request of the Administrative Agent or any Lender, the Designated Company and the Administrative Agent shall enter into an additional agreement or an amendment to this Agreement (as the Administrative Agent may request), evidencing the incorporation of such Permitted ABL Customer Account Financing Amendment. As of the Second Amendment Effective Date, each Lender party to the Second Amendment, which Lenders constitute the Required Lenders, and each Lender that becomes a party to this Agreement after the Second Amendment Effective Date, expressly consents to the terms of this Section 1.10, and hereby agrees that any amendments to the definition of Permitted Customer Account Financing effected pursuant to this Section 1.10 after the Second Amendment Effective Date shall be deemed to have been consented to by such Lenders (and any successor or permitted assign thereof).

Section 1.11 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence,

such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II

THE CREDITS

Section 2.01 Commitments.

(a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender party hereto on the Closing Date agrees, severally and not jointly, to make a Term Loan in Dollars to the Borrower on the Closing Date as set forth herein in the principal amount not to exceed its Term Loan Commitment on the Closing Date.

(b) Subject to the terms and conditions of the Aleris Increase Joinder Amendment (including the conditions precedent set forth in Section 5 of the Aleris Increase Joinder Amendment) and this Agreement and relying upon the representations and warranties therein and herein set forth, each Aleris Incremental Term Lender agrees, severally and not jointly, to make an Aleris Incremental Term Loan in Dollars to Novelis Acquisitions on the Aleris Incremental Funding Date as set forth herein and in the Aleris Increase Joinder Amendment, in the principal amount not to exceed its Aleris Incremental Term Loan Commitment on the Aleris Incremental Funding Date.

(c) Subject to the terms and conditions and relying upon the representations and warranties set forth in the any Increase Joinder and in this Agreement, each Additional Lender signatory to such Increase Joinder agrees, severally and not jointly, to make a Term Loan in Dollars to the Co-Borrower specified in such Increase Joinder on the funding date set forth in such Increase Joinder in the principal amount not to exceed the Incremental Term Loan Commitment specified in such Increase Joinder.

(d) Amounts paid or prepaid in respect of Term Loans may not be reborrowed.

Section 2.02 Loans.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their applicable Commitments; provided that the failure of any Lender to make its Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Each Borrowing shall be in an aggregate principal amount that is not less than (and in integral amounts consistent with) the Minimum Amount.

(b) Subject to [Section 2.11](#) and [Section 2.12](#), each Borrowing shall be comprised entirely of Eurodollar Rate Loans, in each case as the applicable Co-Borrower may request pursuant to [Section 2.03](#). Each Lender may at its option make any Eurodollar Rate Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan ([and the first proviso to Section 2.16\(a\) shall apply to such Loan mutatis mutandis unless such Loan is funded by such branch or Affiliate in accordance with Section 2.16\(b\)](#)); provided that any exercise of such option shall not affect the obligation of the Co-Borrowers to repay such Loan in accordance with the terms of this Agreement. No Co-Borrower shall be entitled to request any Borrowing that, if made, would result in more than three (3) Eurodollar Rate Borrowings by such Co-Borrower hereunder at any one time. For purposes of the foregoing, Borrowings having different Interest Periods and a different Co-Borrower, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to such account in London as the Administrative Agent may designate not later than 3:00 p.m., London time, and the Administrative Agent shall promptly credit the amounts so received to an account of the applicable Co-Borrower as directed by the applicable Co-Borrower in the applicable Borrowing Request maintained with the Administrative Agent or, if a Borrowing shall not occur on such date because any condition precedent herein specified or specified in the Aleris Increase Joinder Amendment or the applicable Increase Joinder shall not have been met, return the amounts so received to the respective Lenders.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with paragraph (c) above, and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Co-Borrower on such date a corresponding amount. If the Administrative Agent shall have so made funds available, then, to the extent that such Lender shall not have made such portion available to the Administrative Agent, each of such Lender and such Co-Borrower severally agrees to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Co-Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of such Co-Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, the greater of the Interbank Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement, and such Co-Borrower's obligation to repay the Administrative Agent such corresponding amount pursuant to this [Section 2.02\(d\)](#) shall cease.

(e) Notwithstanding anything to the contrary contained herein, the Co-Borrowers shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date of such Loans.

Section 2.03 Borrowing Procedure.

(a) To request a Borrowing, the Designated Company shall deliver, by hand delivery, telecopier or, to the extent separately agreed by the Administrative Agent, by an electronic communication in accordance with the second sentence of Section 11.01(b) and the second paragraph of Section 11.01(d), a duly completed and executed Borrowing Request to the Administrative Agent not later than 10:00 a.m., London time, three (3) Business Days before the date of the proposed Borrowing. Each Borrowing Request shall be irrevocable and shall specify the following information in compliance with Section 2.02:

(i) the names of the Co-Borrower(s) requesting such Borrowing(s) and the aggregate amount of such Borrowing(s);

(ii) the date of such Borrowing(s), which shall be a Business Day (and in the case of the Aleris Incremental Term Loans, occurring prior to the Aleris Incremental Commitment Termination Date);

(iii) the initial Interest Period to be applicable to each such Borrowing, which shall be a period contemplated by the definition of the term "Interest Period";

(iv) the location and number of such Co-Borrowers' account(s) to which funds are to be disbursed, which shall comply with the requirements of Section 2.02(c); and

(v) in the case of the initial Credit Extension hereunder, under the Aleris Incremental Term Loan Commitments or under any Incremental Term Loan Commitments, that the conditions set forth in Section 4.03(b) - (d) have been satisfied as of the date of the notice, and in the case of Aleris Incremental Term Loans, that the conditions referred to in Section 4.04 shall be satisfied as of the date designated pursuant to clause (ii) above.

Subject to the second proviso in the definition of "Interest Period," if no Interest Period is specified with respect to any requested Eurodollar Rate Borrowing, then the Co-Borrowers shall be deemed to have selected an Interest Period of three month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

(b) Appointment of the Designated Company as Administrative Borrower. Each Co-Borrower hereby irrevocably appoints and constitutes the Designated Company as its agent to

request Loans and give notices pursuant to this Agreement in the name of or on behalf of such Co-Borrower. The Administrative Agent and Lenders may disburse the Loans to such bank account of the Designated Company or a Co-Borrower or otherwise make such Loans to a Co-Borrower as the Designated Company may designate or direct, without notice to any other Co-Borrower or Guarantor. Each Loan Party hereby irrevocably appoints and constitutes the Designated Company as its agent to receive statements of account and all other notices from the Agents and Lenders with respect to the Secured Obligations or otherwise under or in connection with this Agreement and the other Loan Documents, including the Intercreditor Agreement. Any notice, election, representation, warranty, agreement or undertaking by or on behalf of any other Loan Party by the Designated Company shall be deemed for all purposes to have been made by such Loan Party, as the case may be, and shall be binding upon and enforceable against such Loan Party to the same extent as if made directly by such Loan Party. The Designated Company hereby accepts the appointment by the Co-Borrowers and the other Loan Parties to act as the agent of the Co-Borrowers and the other Loan Parties and agrees to ensure that the disbursement of any Loans to another Co-Borrower requested by or paid to or for the account of such Co-Borrower shall be paid to or for the account of such Co-Borrower. No purported termination of the appointment of the Designated Company as agent as aforesaid shall be effective, except after ten (10) days' prior written notice to the Administrative Agent and appointment by the Co-Borrowers of a replacement agent for such Co-Borrowers.

Section 2.04 Repayment of Loans; Evidence of Debt.

(a) Promise to Repay. Each Co-Borrower hereby unconditionally promises to pay to the Administrative Agent, for the account of each applicable Lender, the then unpaid principal amount of each Term Loan of such Lender made to such Co-Borrower on the Maturity Date of such Class of Term Loans outstanding at such time, together with all other Obligations relating to such Class of Term Loans outstanding at such time. All payments or repayments of Loans made pursuant to this Section 2.04(a) shall be made in Dollars.

(b) Lender and Administrative Agent Records. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Co-Borrowers to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type and Class thereof and the Interest Period applicable thereto; (ii) the amount of any principal or interest due and payable or to become due and payable from the Co-Borrower to each Lender hereunder; and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof. The entries made in the accounts maintained pursuant to this paragraph shall be prima facie evidence of the existence and amounts of the obligations therein recorded; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of the Co-Borrowers to repay the Loans in accordance with their terms.

(c) Promissory Notes. Any Lender by written notice to Designated Company (with a copy to the Administrative Agent) may request that Loans of any Class made by it be evidenced by a promissory note. In such event, the Co-Borrowers shall prepare, execute and deliver to such Lender one or more promissory notes payable to such Lender or its registered assigns in the form of Exhibit K (with, in the case of Loans other than the Initial Term Loans, such changes as are appropriate, in the Administrative Agent's reasonable discretion, to reflect the terms of such Loans). Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.04) be represented by one or more promissory notes in such form payable to such payee or its registered assigns.

Section 2.05 Fees.

(a) Fees. The Borrower agrees to pay all Fees payable pursuant to each Fee Letter, in the amounts and on the dates set forth therein.

(b) All Fees shall be paid on the dates due, in immediately available funds in dollars, to the Administrative Agent. Once paid, none of the Fees shall be refundable under any circumstances.

Section 2.06 Interest on Loans.

(a) Fallback Rate Loans. Subject to the provisions of Section 2.06(c), the Loans comprising each Fallback Rate Borrowing shall bear interest at a rate per annum equal to the Fallback Rate plus the Applicable Margin; provided that for any Interest Period of less than one month, the Fallback Rate shall be calculated based on an Interest Period of one month; provided, further, that Incremental Term Loans and Other Term Loans may have a different Applicable Margin as provided for in Sections 2.23 and 2.24, subject to the provisions thereof.

(b) Eurodollar Rate Loans. Subject to the provisions of Section 2.06(c), the Loans comprising each Eurodollar Rate Borrowing shall bear interest at a rate per annum equal to the Eurodollar Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin; provided that for any Interest Period of less than one month, the Eurodollar Rate shall be calculated based on an Interest Period of one month; provided, further, that Incremental Term Loans and Other Term Loans may have a different Applicable Margin as provided for in Sections 2.23 and 2.24, subject to the provisions thereof.

(c) Default Rate. Notwithstanding the foregoing, if at any time any principal of or interest on any Loan or any fee or other amount payable by the Loan Parties hereunder has not been paid when due, whether at stated maturity, upon acceleration or otherwise and for so long as such amounts have not been paid, such overdue amount shall, to the extent permitted by applicable law, bear interest, after as well as before judgment, at a per annum rate equal to (i) in the case of principal of or interest on any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section 2.06 and of Sections 2.11 and 2.12 or (ii) in the case of

any other amount, 2% plus the rate applicable to Eurodollar Rate Loans as provided in Section 2.06(b) (in either case, the “Default Rate”).

(d) Interest Payment Dates. Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to Section 2.06(c) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Rate Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) Interest Calculation. All interest hereunder shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Fallback Rate or Eurodollar Rate shall be determined by the Administrative Agent in accordance with the provisions of this Agreement and such determination shall be conclusive absent manifest error.

(f) Currency for Payment of Interest. All interest paid or payable pursuant to this Section 2.06 shall be paid in Dollars.

Section 2.07 Termination and Reduction of Commitments.

(a) Automatic Termination.

(i) Any undrawn Term Loan Commitments under clause (i)(a) of such definition shall automatically terminate at 5:00 p.m., London time, on the earlier to occur of (x) the Closing Date and (y) the Agreement Termination Date.

(ii) Any undrawn Aleris Incremental Term Loan Commitments shall automatically terminate on the earlier to occur of (x) the Aleris Incremental Commitment Termination Date and (y) the Aleris Incremental Funding Date (after giving effect to the funding of any Aleris Incremental Term Loans on such date).

(iii) Any undrawn Incremental Term Loan Commitments (other than the Aleris Incremental Term Loan Commitments) shall automatically terminate in accordance with the terms and conditions set forth in the applicable Increase Joinder.

(b) Optional Termination or Reduction. The applicable Co-Borrowers shall have the right at any time to terminate, or from time to time permanently reduce, the undrawn Commitments of any Class; provided that each such reduction of any Class shall be in an amount that is not less than (and in integral amounts consistent with) the Minimum Amount or, if less, the remaining amount of the Commitments of such Class. The Designated Company shall notify the Administrative Agent by written notice of any commitment termination or reduction under this clause not later than 11:00 a.m., London time, three (3) Business Days before the date of such termination or reduction. Each such notice shall be irrevocable; provided that if such notice indicates that it is conditioned upon the effectiveness of other credit facilities or any other financing, sale or other transaction, such notice of prepayment may be revoked if such credit facilities, other financing, sale or other transaction is not consummated. Each such notice shall specify the termination or reduction date, and the amount of each Class of Commitments or portion thereof to be terminated or reduced. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof.

Section 2.08 Interest Elections.

(a) Generally. Each Borrowing initially shall be a Eurodollar Rate Borrowing and shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, subject to Sections 2.11 and 2.12, the applicable Co-Borrower may elect to rollover or continue such Borrowing and the Interest Periods therefor, all as provided in this Section. Subject to Sections 2.11 and 2.12, the applicable Co-Borrower may elect different options with respect to different portions (not less than the Minimum Amount) of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. Notwithstanding anything to the contrary, (i) no Co-Borrower shall be entitled to request any conversion, rollover or continuation that, if made, would result in more than three (3) Eurodollar Rate Borrowings by such Co-Borrower outstanding hereunder at any one time and (ii) if two or more Interest Periods relate to Borrowings made to the same Co-Borrower and end on the same date, those Borrowings will be consolidated into, and treated as, a single Borrowing on the last day of the Interest Period.

(b) Interest Election Notice. To make an election pursuant to this Section, the Designated Company shall deliver, by hand delivery, telecopier or, to the extent separately agreed by the Administrative Agent, by an electronic communication in accordance with the second sentence of Section 11.01(b) and the second paragraph of Section 11.01(d), a duly completed and executed Interest Election Request to the Administrative Agent not later than 10:00 a.m., London time, four (4) Business Days before the effective date of such election. Each Interest Election Request shall be irrevocable. Each Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, or if outstanding Borrowings are being combined,

allocation to each resulting Borrowing (in which case the information to be specified pursuant to clause (iii) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day; and

(iii) the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated, as applicable, by the definition of the term "Interest Period".

Subject to the first proviso in the definition of "Interest Period", if any such Interest Election Request requests a Eurodollar Rate Borrowing but does not specify an Interest Period, then the Co-Borrowers shall be deemed to have selected an Interest Period of three month's duration.

Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(c) Failure to Select an Interest Period. If an Interest Election Request with respect to a Eurodollar Rate Borrowing is not timely delivered prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, the immediately following Interest Period shall be three months.

Section 2.09 Amortization of Term Loan Borrowings.

(a) The Co-Borrowers shall pay to the Administrative Agent, for the account of the Lenders holding Initial Term Loans, on the dates set forth on Annex I, or if any such date is not a Business Day, on the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such amount shall be payable on the immediately preceding Business Day (each such date, a "Term Loan Repayment Date"), a principal amount of the Initial Term Loans equal to the amount set forth on Annex I for such date (as adjusted from time to time pursuant to Section 2.10(g)), together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment. Notwithstanding anything to the contrary contained herein or in any other Loan Document, all outstanding Initial Term Loans shall be deemed to constitute Term Loans of the same Class and shall all amortize as set forth on Annex I.

(b) The Co-Borrowers shall pay to the Administrative Agent, for the account of the Aleris Incremental Term Lenders, on the last day of each fiscal quarter of the Designated Company, commencing with the last day of the first fiscal quarter ended after the Aleris

Incremental Funding Date, through and including the last day of the fiscal quarter ended immediately prior to the Aleris Incremental Maturity Date, or if any such date is not a Business Day, on the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such amount shall be payable on the immediately preceding Business Day (each such date, a “Aleris Incremental Term Loan Repayment Date”), a principal amount of the Aleris Incremental Term Loans equal to \$1,937,500 (as adjusted from time to time pursuant to Section 2.10(g)), together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment. On the Aleris Incremental Maturity Date, the remaining outstanding principal amount of Aleris Incremental Term Loans, together with accrued and unpaid interest on such amount to but excluding the date of such payment.

(c) The principal amount of Incremental Term Loans (other than Aleris Incremental Term Loans) and Other Term Loans shall be repaid by the applicable Co-Borrowers as provided in the applicable Increase Joinder or Refinancing Amendment, as the case may be, in each case subject to the requirements of this Agreement.

(d) To the extent not previously paid, all Term Loans shall be due and payable on the Maturity Date of such Term Loans.

Section 2.10 Optional and Mandatory Prepayments of Loans.

(a) Optional Prepayments. The Co-Borrowers shall have the right at any time and from time to time to prepay any Loans, in whole or in part, subject to the requirements of this Section 2.10; provided that each partial prepayment shall be in a principal amount that is not less than (and in integral amounts consistent with) the Minimum Amount or, if less, the outstanding principal amount of such Borrowing.

(b) Net Cash Proceeds Account. Subject to the terms of the Intercreditor Agreement, the Net Cash Proceeds of any Pari Passu Priority Collateral arising from an Asset Sale or Casualty Event by the Designated Company or any Subsidiary Guarantor which Net Cash Proceeds are being reinvested in accordance with Sections 2.10(c) or (e), respectively, shall be deposited in one or more Net Cash Proceeds Accounts pending final application of such proceeds (and any products of such proceeds) in accordance with the terms hereof (provided that prior to such final application, and without affecting the Co-Borrowers’ obligations under Sections 2.10(c) and (e), such proceeds may be utilized to make repayments of the Revolving Credit Loans without reducing Revolving Credit Commitments).

(c) Asset Sales. Not later than three (3) Business Days following the receipt of any Net Cash Proceeds of any Asset Sale by the Designated Company or any of its Restricted Subsidiaries, the applicable Co-Borrowers shall make prepayments of the Term Loans in accordance with Section 2.10(g) and (h) in an aggregate amount equal to 100% of such Net Cash Proceeds; provided, that if at the time that any such prepayment would be required, such Co-

Borrower is required to prepay or offer to repurchase (x) Permitted Short Term Indebtedness, solely to the extent that such Asset Sale constitutes a Specified Divestiture, (y) Permitted First Priority Refinancing Debt, or (z) any Additional Senior Secured Indebtedness that is secured on a pari passu basis with the Secured Obligations pursuant to the terms of the documentation governing such Indebtedness, in the case of clauses (x) through (z), with the Net Cash Proceeds of such Asset Sale (such Permitted Short Term Indebtedness, Permitted First Priority Refinancing Debt or Additional Senior Secured Indebtedness required to be prepaid or offered to be so repurchased, "Other Applicable Indebtedness"), then such Co-Borrower shall apply such Net Cash Proceeds on a pro rata basis (determined on the basis of the aggregate outstanding principal amount of the Term Loans and Other Applicable Indebtedness at such time; provided, that the portion of such net proceeds allocated to the Other Applicable Indebtedness shall not exceed the amount of such Net Cash Proceeds required to be allocated to the Other Applicable Indebtedness pursuant to the terms thereof, and the remaining amount, if any, of such Net Cash Proceeds shall be allocated to the Term Loans in accordance with the terms hereof) to the prepayment of the Term Loans and to the prepayment or repurchase of Other Applicable Indebtedness, and the amount of prepayment of the Term Loans that would have otherwise been required pursuant to this Section 2.10(c) shall be reduced accordingly; provided further, that to the extent the holders of Other Applicable Indebtedness decline to have such indebtedness prepaid or repurchased, the declined amount shall promptly (and in any event within 10 Business Days after the date of such rejection) be applied to prepay the Term Loans in accordance with the terms hereof; provided further that:

(i) no such prepayment shall be required under this Section 2.10(c) with respect to (A) any Asset Sale permitted by Section 6.06 other than clauses (b) and (i) thereof, (B) the disposition of property which constitutes a Casualty Event, or (C) Asset Sales for fair market value resulting in less than \$50,000,000 in Net Cash Proceeds in any fiscal year; and

(ii) so long as no Event of Default shall then exist or would arise therefrom, such proceeds shall not be required to be so applied on such date to the extent that the Designated Company shall have delivered an Officers' Certificate to the Administrative Agent on or prior to such date stating that such Net Cash Proceeds are expected to be reinvested in fixed or capital assets or to make Permitted Acquisitions (and (x) in the case of Net Cash Proceeds received from the arm's length sale or disposition for cash of Equity Interests in a Joint Venture Subsidiary for fair market value or the issuance of Equity Interests in a Joint Venture Subsidiary, in each case as permitted under Section 6.06 hereof, such Net Cash Proceeds may also be used to make investments in joint ventures so long as a Company owns at least 50% of the Equity Interests in such joint venture and (y) in the case of Net Cash Proceeds from an Asset Sale by a Joint Venture Subsidiary, such Net Cash Proceeds may also be used by such Joint Venture to reinvest in property (other than cash, Cash Equivalents and securities) to be owned by such Joint Venture and used in an activity permitted under Section 6.15)

within 365 days (or in the event the Designated Company or any Restricted Subsidiary has entered into a binding agreement to make such reinvestment within such 365 day period, such period shall be extended for an additional 365 days with respect to the portion of such Net Cash Proceeds so committed to be reinvested) following the date of such Asset Sale (which Officers' Certificate shall set forth the estimates of the proceeds to be so expended); provided that if all or any portion of such Net Cash Proceeds is not so reinvested within such 365-day period (as such period may be extended pursuant to the foregoing), such unused portion shall be applied on the last day of such period to mandatory prepayments as provided in this Section 2.10(c).

(d) Debt Issuance. Not later than one (1) Business Day following the receipt of any Net Cash Proceeds of any Debt Issuance or issuance of Disqualified Capital Stock by Holdings, the Designated Company or any of its Restricted Subsidiaries (or, on and after the Specified AV Minerals Joinder Date, AV Minerals) (other than in the case of an issuance of Disqualified Capital Stock, as permitted by Section 6.13), the applicable Co-Borrowers shall make prepayments in accordance with Section 2.10(g) and (h) in an aggregate amount equal to 100% of such Net Cash Proceeds.

(e) Casualty Events. Not later than three (3) Business Days following the receipt of any Net Cash Proceeds from a Casualty Event by the Designated Company or any of its Restricted Subsidiaries, the applicable Co-Borrowers shall make prepayments in accordance with Section 2.10(g) and (h) in an aggregate amount equal to 100% of such Net Cash Proceeds; provided that:

(i) no such prepayment shall be required under this Section 2.10(e) with respect to Casualty Events resulting in less than \$50,000,000 in Net Cash Proceeds in any fiscal year;

(ii) so long as no Event of Default shall then exist or arise therefrom, such proceeds shall not be required to be so applied on such date to the extent that the Borrower shall have delivered an Officers' Certificate to the Administrative Agent on or prior to such date stating that such proceeds are expected to be used (or have been used) to repair, replace or restore any property in respect of which such Net Cash Proceeds were paid or to reinvest in other fixed or capital assets, no later than 365 days (or in the event the Borrower or any Restricted Subsidiary has entered into a binding agreement to make such repair, replacement, restoration or reinvestment within such 365 day period, such period shall be extended for an additional 365 days with respect to the portion of such Net Cash Proceeds committed for such repair, replacement, restoration or reinvestment, so long as such binding agreement is in effect at the end of such additional 365 day period) following the date of receipt of such proceeds; and

(iii) if any portion of such Net Cash Proceeds shall not be so applied within such 365-day period (as such period may be extended pursuant to clause (i), above), such unused portion shall be applied on the last day of such period to mandatory prepayments as provided in this Section 2.10(e).

(f) Excess Cash Flow. No later than 105 days after the end of each Excess Cash Flow Period, the Co-Borrowers shall make prepayments in accordance with Sections 2.10(g) and (h) in an aggregate amount equal to the amount by which (A) the Excess Cash Flow Percentage (defined below) of such Excess Cash Flow for such Excess Cash Flow Period exceeds (B) the aggregate amount of all voluntary prepayments of Term Loans made pursuant to Section 2.10(a) with Internally Generated Cash Flow during such Excess Cash Flow Period and voluntary prepayments of Revolving Credit Loans made with Internally Generated Cash Flow during such Excess Cash Flow Period (but, in the case of Revolving Credit Loans, only to the extent such prepayments are accompanied by a simultaneous permanent reduction of the Revolving Loan Commitments in an equal amount (and excluding any such reduction to the extent relating to the entering into of a replacement Revolving Credit Agreement)). “Excess Cash Flow Percentage” shall mean 50%. No payment of any Loans shall be required under this Section 2.10(f) if (i) on the date such prepayment is required to be made, no Event of Default has occurred and is continuing and (ii) the Senior Secured Net Leverage Ratio, as of the last day of such Excess Cash Flow Period, is less than or equal to 3.0:1.0.

(g) Application of Prepayments. (i) Each partial prepayment of any Class of Term Loans shall be in an aggregate principal amount that is not less than (and in integral amounts consistent with) the Minimum Amount, except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Class of Term Loans shall be applied ratably within such Class and otherwise in accordance with this Section 2.10. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.06.

(ii) Subject to Section 8.03 (to the extent applicable), any prepayments of Term Loans (x) pursuant to Section 2.10(a) shall be applied to the Class of Term Loans selected by the Designated Company in the notice of such prepayment pursuant to Section 2.10(h), and within each Class, to the scheduled repayments of Term Loans as directed by the Designated Company and (y) pursuant to Section 2.10(c), (d), (e), (f) and (i) shall be applied (i) ratably to each Class of Term Loans, (ii) in direct order of maturity to the next eight scheduled repayments of such Class of Term Loans and (iii) to the extent of any excess, ratably to the remaining scheduled repayments of the applicable Class of Term Loans.

(iii) Notwithstanding anything herein to the contrary, with respect to each such prepayment pursuant to Section 2.10(c), (e), (f) or (i), (i) not later than the date three Business Days prior to the date specified in Section 2.10 for making such prepayment, the Designated Company shall

give the Administrative Agent telephonic notice (promptly confirmed in writing) requesting that the Administrative Agent provide notice of such prepayment to each Lender, (ii) each Lender will have the right to refuse any such prepayment by giving written notice of such refusal to the Administrative Agent within three Business Days after such Lender's receipt of notice from the Administrative Agent of such prepayment and (iii) the applicable Co-Borrowers will make all such prepayments not so refused upon the applicable date specified in Section 2.10 for making such prepayment. Any Lender that does not decline such prepayment in writing on or prior to the date referenced in clause (ii) above shall be deemed to have accepted such prepayment.

(h) Notice of Prepayments. The Designated Company shall notify the Administrative Agent by written notice of any prepayment hereunder not later than 11:00 a.m., London time, three (3) Business Days before the date of prepayment. Each such notice shall be irrevocable; provided that if such notice indicates that it is conditioned upon the effectiveness of other credit facilities or any other financing, sale or other transaction, such notice of prepayment may be revoked if such credit facilities, other financing, sale or other transaction is not consummated. Each such notice shall specify the prepayment date, the principal amount of each Class of Term Loans or portion thereof to be prepaid, within each Class, the scheduled repayments of Term Loans to which such prepayment applies and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof.

(i) Foreign Asset Sales. Notwithstanding any other provisions of Section 2.10(b), (c) or (e) (i) to the extent that any of or all the Net Cash Proceeds of any Asset Sale or Casualty Event subject to such sections are received by a Restricted Subsidiary that is not organized under the United States or any State or political subdivision thereof or of Canada or any province or political subdivision thereof (a "Foreign Asset Sale") and such Net Cash Proceeds are prohibited, restricted or otherwise delayed (each, a "Repatriation Limitation") by applicable local law from being repatriated to the United States or Canada, the portion of such Net Cash Proceeds so affected will not be required to be applied to repay Term Loans at the times provided in this Section 2.10 but may be retained by the applicable Restricted Subsidiary so long as such Repatriation Limitation exists (provided, that such Restricted Subsidiary shall use its commercially reasonable efforts to overcome any Repatriation Limitation) and once such Repatriation Limitation no longer exists, such Restricted Subsidiary shall promptly repatriate an amount equal to such Net Cash Proceeds to the applicable Co-Borrower which shall promptly (and in any event not later than five Business Days after such repatriation) apply such amount to the repayment of the Term Loans pursuant to this Section 2.10 and (ii) to the extent that such Co-Borrower has reasonably determined in good faith that repatriation of any of or all of such Net Cash Proceeds of any Asset Sale or Casualty Event subject to Section 2.10(c) or (e) would have a material adverse tax cost consequence with respect to such Net Cash Proceeds for such Restricted Subsidiary or any other Loan Party, the Net Cash Proceeds so affected may be retained by the applicable Restricted Subsidiary.

(j) Prepayment Premium. In the event that there shall occur any amendment, amendment and restatement or other modification of this Agreement that reduces the Applicable Margin or interest rate with respect to any Term Loans or any prepayment or refinancing of any Term Loans, in whole or in part with proceeds of Indebtedness having lower applicable total yield than the applicable total yield for the Term Loans as of the Closing Date, then each such amendment, amendment and restatement, modification, prepayment or refinancing that occurs on or prior to the six-month anniversary of the Syndication Termination Date, as the case may be, shall be accompanied by a fee or prepayment premium, as applicable, equal to 1.00% of the outstanding principal amount of the Term Loans affected by such amendment, amendment and restatement or modification, or subject to such prepayment or refinancing. As a condition to effectiveness of any required assignment by any non-consenting Lender of its Term Loans pursuant to Section 2.16 in respect of any amendment, amendment and restatement or modification to this Agreement effective prior to the six-month anniversary of the Syndication Termination Date that has the effect of reducing the Applicable Margin or interest rate for any Term Loans from the Applicable Margin or interest rate in effect on the Closing Date, the Co-Borrowers shall pay to such non-consenting Lender of Term Loans a premium or fee equal to the premium or fee that would apply pursuant to the preceding sentence if such non-consenting Lender's Term Loans being assigned were being prepaid.

Section 2.11 Alterate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Rate Borrowing:

(a) the Administrative Agent determines (which determination shall be final and conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period; or

(b) the Administrative Agent is advised in writing by the Required Lenders that the Eurodollar Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give written notice thereof to the Designated Company and the Lenders as promptly as practicable thereafter and, until the Administrative Agent notifies the Designated Company and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Rate Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Rate Borrowing, such Borrowing shall be made as a Fallback Rate Borrowing.

Notwithstanding anything herein to the contrary, neither any Agent nor any Lender shall require the payment of an additional fee or an increase in the Applicable Margin as a condition precedent to the effectiveness of any amendment to this Agreement the sole purpose of which is to permit the Co-Borrowers to elect an interest rate (the "Successor Rate") other than the Eurodollar Rate or the Fallback Rate in anticipation of or as a result of the Eurodollar Base Rate ceasing to be quoted or published by any source, if the Successor Rate is substantially the same as the successor

rate generally charged by banks and other financial institutions in the international and U.S. loan markets in replacement of the London inter-bank offered rate; provided that if, in connection with the implementation of any such Successor Rate, banks and other financial institutions in the international and U.S. loan markets require the payment of an additional fee or fees, or require that the interest rate margin applicable to such successor rate be increased, in each case to account for a difference between the previously available Eurodollar Base Rate and such successor rate, then any such increase in the Applicable Margin or additional fee under this Agreement attributable to such difference shall not be prohibited by this sentence.

Section 2.12 Yield Protection; Change in Law Generally.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in, by any Lender (except any reserve requirement reflected in the Eurodollar Rate); or

(ii) impose on any Lender or the interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Eurodollar Rate Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Rate Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount), then, upon request of such Lender, the Co-Borrowers will pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines (in good faith, but in its sole absolute discretion) that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy or liquidity), then from time to time the Co-Borrowers will pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section 2.12 and delivered to the Designated Company shall be conclusive absent manifest error. The Co-Borrowers shall pay such Lender, as the case may be, the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.12 shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Co-Borrowers shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender, as the case may be, notifies the Designated Company of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Change in Legality Generally. Notwithstanding any other provision of this Agreement, if any Change in Law shall make it unlawful for any Lender to make or maintain any Eurodollar Rate Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Rate Loan, then, upon written notice by such Lender to the Designated Company and the Administrative Agent:

(i) the Commitments of such Lender (if any) to fund the affected Type of Loan shall immediately terminate; and

(ii) (x) such Lender may declare that Eurodollar Rate Loans will not thereafter (for the duration of such unlawfulness) be continued for additional Interest Periods and Fallback Rate Loans will not thereafter (for such duration) be converted into Eurodollar Rate Loans, whereupon any request to convert a Fallback Rate Borrowing to a Eurodollar Rate Borrowing or to continue a Eurodollar Rate Borrowing for an additional Interest Period shall, as to such Lender only, be deemed a request to continue a Fallback Rate Loan as such, or to convert a Eurodollar Rate Loan into a Fallback Rate Loan, as the case may be, unless such declaration shall be subsequently withdrawn and (y) all such outstanding Eurodollar Rate Loans made by such Lender shall be automatically converted to Fallback Rate Loans on the last day of the then current Interest Period therefor or, if earlier, on the date specified by such Lender in such notice (which date shall be no earlier than the last day of any applicable grace period permitted by applicable law).

(f) Increased Tax Costs. If any Change in Law shall subject any Lender to any (i) Tax of any kind whatsoever with respect to this Agreement or any Loan made by it, or change the basis

of taxation of payments to such Lender in respect thereof, or (ii) Tax imposed on it that is specially (but not necessarily exclusively) applicable to lenders such as such Lender as a result of the general extent and/or nature of their activities, assets, liabilities, leverage, other exposures to risk, or other similar factors, including but not limited to the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith, the United Kingdom Tax known as the “bank levy” in such form as it may be imposed and as amended or reenacted, and similar legislation (except, in each case of the foregoing clauses (i) and (ii), for (A) Indemnified Taxes, (B) Taxes described in clauses (a)(ii), (a)(iii) and (b)(ii) through (b)(iv) of the definition of Excluded Taxes, and (C) Other Connection Taxes that are imposed on or measured by net income, however denominated, or that are franchise Taxes or branch profits Taxes), and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount), then, upon request of such Lender, the Co-Borrowers will pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender, as the case may be, for such additional costs incurred or reduction suffered. For the avoidance of doubt, the Co-Borrowers shall not be required to compensate a Lender pursuant to this Section 2.12 for any increased costs incurred or reductions suffered that are attributable to a FATCA Deduction required to be made by any Party.

(g) Notwithstanding anything to the contrary contained herein, no Lender shall be entitled to seek compensation for costs incurred under this Section 2.12 unless it is the general policy or practice of such Lender at such time to seek compensation from other borrowers whose transactions with such Lender are similarly affected by the change in circumstances giving rise to such costs and the applicable Lender is generally seeking such compensation from such borrowers (but no Lender shall be required to disclose any confidential or proprietary information to confirm the foregoing).

Section 2.13 Breakage Payments. In the event of (a) the payment or prepayment, whether optional or mandatory, of any principal of any Eurodollar Rate Loan earlier than the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Rate Loan earlier than the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Term Loan on the date specified in any notice delivered pursuant hereto, (d) the assignment of any Eurodollar Rate Loan earlier than the last day of the Interest Period applicable thereto as a result of a request by the Designated Company pursuant to Section 2.16(c), or (e) a Discounted Purchase of any Eurodollar Rate Loan earlier than the last day of an Interest Period applicable thereto, then, in any such event, the Co-Borrowers shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of any Eurodollar Rate Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Eurodollar Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan) (excluding, however, the Applicable Margin included therein, if any, and the effect of clause (ii) of each of the sentences contained in the “Eurodollar Base Rate” definition), over (ii) the amount

of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits of a comparable currency, amount and period from other banks in the applicable interbank market. A certificate of any Lender setting forth in reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.13 shall be delivered to the Designated Company (with a copy to the Administrative Agent) and shall be conclusive and binding absent manifest error. The Co-Borrowers shall pay such Lender the amount shown as due on any such certificate within five (5) days after receipt thereof.

Section 2.14 Payments Generally; Pro Rata Treatment; Sharing of Setoffs.

(a) Payments Generally. Each Loan Party shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest or fees, or of amounts payable under Section 2.12, Section 2.13, Section 2.15, Section 2.16 or Section 11.03, or otherwise) on or before the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 1:00 p.m., London time), on the date when due, in immediately available funds, without condition or deduction for any counterclaim, defense, recoupment or setoff. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All payments by any Loan Party shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office, except that payments pursuant to Section 2.12, Section 2.13, Section 2.15, Section 2.16, Section 7.10 and Section 11.03 shall be made directly to the persons entitled thereto and payments pursuant to other Loan Documents shall be made to the persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof in like funds as received by the Administrative Agent. If any payment under any Loan Document shall be due on a day that is not a Business Day, unless specified otherwise, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in Dollars, except as expressly specified otherwise.

(b) Pro Rata Treatment.

(i) Each payment by the Co-Borrowers of interest in respect of the Loans of any Class shall be applied to the amounts of such obligations owing to the Lenders pro rata according to the respective amounts then due and owing to the Lenders of such Class.

(ii) Each payment by the Co-Borrowers on account of principal of the Borrowings of any Class shall be made pro rata according to the respective outstanding principal amounts of the Loans then held by the Lenders of such Class.

(c) Insufficient Funds. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, toward payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, toward payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(d) Sharing of Set-Off. Subject to the terms of the Intercreditor Agreement, if any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other Obligations resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other Obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by any Loan Party pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to any Loan Party or any Subsidiary thereof (as to which the provisions of this paragraph shall apply); provided, that this paragraph shall not apply to purchases pursuant to the Discounted Purchase provisions of Section 11.04(b)(iv).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Requirements of Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation. If under applicable bankruptcy, insolvency or any similar law any Secured Party receives a secured claim in lieu of a setoff or counterclaim to which this Section 2.14(d) applies, such Secured Party shall to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights to which the Secured Party is entitled under this Section 2.14(d) to share in the benefits of the recovery of such secured claim.

(e) Co-Borrower Default. Unless the Administrative Agent shall have received notice from the Designated Company prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the applicable Co-Borrower will not make such payment, the Administrative Agent may assume that such Co-Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders, as the case may be, the amount due. In such event, if such Co-Borrower has not in fact made such payment, then each of the Lenders, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Interbank Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. A notice of the Administrative Agent to any Lender or the Designated Company setting forth in reasonable detail any amount owing under this Section 2.14(e) shall be conclusive, absent manifest error.

(f) Lender Default. If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.02(c), Section 2.14(e) or Section 11.03(c), then the Administrative Agent may, in its discretion following 5 Business Days' prior written notice to such lender (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid and, upon full payment of such obligations as provided above, the Administrative Agent shall promptly issue a written notice to such Lender setting forth in reasonable detail the application of any amounts on account of such Lender.

(g) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans and to make payments pursuant to Section 11.03 are several and not joint. The failure of any Lender to make any Loan or to make any payment under Section 11.03 on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or to make its payment under Section 11.03.

(h) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

Section 2.15 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Loan Parties hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Taxes, except as required by applicable Requirements of Law. If any applicable Requirements of Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be

entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Taxing Authority in accordance with applicable Requirements of Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after all such required deductions and withholdings (including any such deductions and withholdings applicable to additional sums payable under this Section) each Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made. For the avoidance of doubt, each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction. Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or basis of such FATCA Deduction), and in any case at least three (3) Business Days prior to making a FATCA Deduction, notify the Party to whom it is making the payment and, on or prior to the day on which it notifies that Party, shall also notify the Designated Company, the Agents and the other Lenders.

(b) Payment of Other Taxes by Loan Parties. Without limiting the provisions of paragraph (a) above, each Loan Party shall timely pay to the relevant Taxing Authority in accordance with applicable Requirements of Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Indemnification by Loan Parties. The Loan Parties shall jointly and severally indemnify each Agent and each Lender, within ten (10) Business Days after demand therefor, for the full amount of any Indemnified Taxes imposed or asserted on or attributable to amounts payable by any of the Loan Parties hereunder or under any other Loan Document (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.15) payable or paid by such Agent or such Lender or required to be withheld or deducted from a payment to such Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Taxing Authority. A certificate as to the amount of such payment or liability delivered to the Designated Company by a Lender (with a copy to the Administrative Agent), or by such Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. No Loan Party shall be obliged to provide indemnity under this Section to the extent that the Indemnified Tax in question is compensated for by an increased payment under Sections 2.12(f), 2.15(a) or 7.10.

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Taxing Authority pursuant to this Agreement, the applicable Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Taxing Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Designated Company (with a copy to the Administrative Agent), at the time or times reasonably requested by the Designated Company or the Administrative Agent (and from time to time thereafter, as requested by the Designated Company or Administrative Agent), such properly completed and executed documentation reasonably requested by the Designated Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by the Designated Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable Requirements of Law or reasonably requested by the Designated Company or the Administrative Agent as will enable the applicable Loan Parties or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation pursuant to this Section 2.15(e) (other than such documentation set forth in Section 2.15(e)(ii)(A) and (ii)(B) below) shall not be required if, in the relevant Lender's reasonable judgment, such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that a Co-Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Designated Company and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement or, if later, the date on which a U.S. Person becomes a Co-Borrower (and from time to time thereafter upon the reasonable request of the Designated Company or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Designated Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement or, if later, the date on which a U.S. Person becomes a Co-Borrower (and from time to time thereafter upon the reasonable request of the Designated Company or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E establishing an exemption

from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit H-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of a Co-Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-2 or Exhibit H-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-4 on behalf of each such direct and indirect partner; and

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Designated Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement or, if later, the date on which a U.S. Person becomes a Co-Borrower (and from time to time thereafter upon the reasonable request of the Designated Company or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Designated Company or the Administrative Agent to determine the withholding or deduction required to be made.

Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 2.15(e) expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Designated Company and the Administrative Agent in writing of its legal inability to do so. The Administrative Agent shall, upon request by the Designated Company, promptly provide the Designated Company a Form W-8IMY from the Administrative Agent attaching the most recent form provided to the Administrative Agent by each Lender pursuant to Section 2.15(e)(ii) above and the most recent withholding

schedule, if any, prepared by the Designated Company and previously delivered to the Administrative Agent. The Administrative Agent may rely on such forms and withholding schedule, without the need for any independent verification thereof, in preparing any Form W-8IMY required hereunder.

(f) FATCA Information. Notwithstanding Section 2.15(e) or any other provision of this Agreement to the contrary:

(i) Subject to paragraph (iii) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(A) confirm to that other Party whether it is:

- (1) a FATCA Exempt Party; or
- (2) not a FATCA Exempt Party;

(B) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA;

(C) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.

(ii) If a Party confirms to another Party pursuant to paragraph (i)(A) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(iii) Paragraph (i) above shall not oblige any Lender or any Agent to do anything, and paragraph (i)(C) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:

- (A) any law or regulation;
- (B) any fiduciary duty; or
- (C) any duty of confidentiality.

(iv) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (i)(A) or (B) above (including, for the avoidance of doubt, where paragraph (iii) above applies), then such Party shall be treated for the purposes of the Loan Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(v) If a Co-Borrower is a U.S. Tax Obligor or the Administrative Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:

(A) where the Co-Borrower is a U.S. Tax Obligor and the relevant Lender is a Lender on the date of this Agreement, the date of this Agreement;

(B) where a Co-Borrower is a U.S. Tax Obligor on a date on which a Lender becomes a Lender under this Agreement and the relevant Lender was not a Lender on the date of this Agreement, the relevant date on which such Lender becomes a Lender under this Agreement;

(C) the date a new U.S. Tax Obligor accedes as a Co-Borrower; or

(D) where a Co-Borrower is not a U.S. Tax Obligor, the date of a request from the Administrative Agent,

supply to the Administrative Agent (to the extent not otherwise supplied pursuant to Section 2.15(e) above):

(1) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or

(2) any withholding statement or other document, authorization or waiver as the Administrative Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

(vi) The Administrative Agent shall provide any withholding certificate, withholding statement, document, authorization or waiver it receives from a Lender pursuant to paragraph (v) above to the Designated Company.

(vii) If any withholding certificate, withholding statement, document, authorization or waiver provided to the Administrative Agent by a Lender pursuant to paragraph (v) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorization or waiver to the Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Administrative Agent). The Administrative Agent shall provide any such updated withholding certificate, withholding statement, document, authorization or waiver to the Designated Company.

(viii) The Administrative Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (v) or (vii) above without further verification. The Administrative Agent shall not be liable for any action taken by it under or in connection with paragraph (v), (vi) or (vii) above.

(ix) Without prejudice to any other term of this Agreement, if a Lender fails to supply any withholding certificate, withholding statement, document, authorization, waiver or information in accordance with paragraph (v) above, or any withholding certificate, withholding statement, document, authorization, waiver or information provided by a Lender to the Administrative Agent is or becomes materially inaccurate or incomplete, then such Lender shall indemnify the Administrative Agent, within three Business Days of demand, against any cost, loss, Tax or liability (including, without limitation, for negligence or any other category of liability

whatsoever) incurred by the Administrative Agent (including any related interest and penalties) in acting as Administrative Agent under the Loan Documents as a result of such failure.

(g) Treatment of Certain Refunds. If any Party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified, or as to which it has received additional amounts, pursuant to this Section 2.15, Section 7.10, or Section 2.12(f) (such Party, the “Indemnified Party”), then it shall pay to the Party that made such indemnity payments or paid such additional amounts pursuant to this Section 2.15, Section 7.10, or Section 2.12(f) (such Party, the “Indemnifying Party”) an amount equal to such refund (but only to the extent of indemnity payments made to the Indemnified Party pursuant to this Section 2.15, or additional amounts paid to the Indemnified Party pursuant to Section 7.10 or Section 2.12(f), with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of the Indemnified Party, and without interest (other than any interest paid by the relevant Taxing Authority with respect to such refund). The Indemnifying Party, upon the request of the Indemnified Party, agrees to repay to the Indemnified Party the amount paid over to the Indemnified Party pursuant to this Section 2.15(g) (plus any penalties, interest or other charges imposed by the relevant Taxing Authority) in the event the Indemnified Party is required to repay such refund to such Taxing Authority. Nothing in this Section 2.15(g) shall be construed to require any Indemnified Party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Indemnifying Party or any other person. Notwithstanding anything to the contrary in this Section 2.15(g), in no event will the Indemnified Party be required to pay any amount to an Indemnifying Party pursuant to this Section 2.15(g) the payment of which would place the Indemnified Party in a less favorable net after-Tax position than the Indemnified Party would have been in if the Taxes subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Taxes had never been paid.

(h) Co-operation. Notwithstanding anything to the contrary in Section 2.15(e) or paragraph (k) of the definition of Permitted Reorganization, with respect to non-U.S. withholding taxes, the relevant Agent, the relevant Lender(s) (at the written request of the relevant Loan Party) and the relevant Loan Party shall, co-operate in completing any procedural formalities necessary (including delivering any documentation prescribed by the applicable Requirement of Law and making any necessary reasonable approaches to the relevant Taxing Authorities) for the relevant Loan Party to obtain authorization to make a payment to which such Agent or such Lender(s) is entitled without any, or a reduced rate of, deduction or withholding for, or on account of, Taxes; provided, however, that none of the Agents or any Lender shall be required to provide any documentation that it is not legally entitled to provide, or take any action that, in the relevant Agent’s or the relevant Lender’s reasonable judgment, would subject such Agent or such Lender to any material unreimbursed costs or otherwise be disadvantageous to it in any material respect.

(i) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within three (3) Business Days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting

the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Taxing Authority. Without limiting the preceding sentence or Section 2.15(f)(ix), each Lender shall indemnify the Administrative Agent (based upon such Lender's pro rata share of the sum of the total outstanding Term Loans and unused Commitments of all Lenders at the time the applicable indemnity payment is sought (or if the Term Loans have been repaid in full and the Commitments have been terminated, based upon its share of the Term Loans immediately prior to such payment)), within three (3) Business Days of demand, against any cost, loss or liability in relation to any FATCA-related liability incurred by the Administrative Agent in acting as Administrative Agent under the Loan Documents (unless the Administrative Agent has been reimbursed by a Loan Party pursuant to a Loan Document); provided that indemnity pursuant to this sentence shall not be available to the extent that such cost, loss or liability are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of the Administrative Agent. A certificate as to the amount of payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this Section 2.15(i).

(j) Tax Returns. If, as a result of executing a Loan Document, entering into the transactions contemplated thereby or with respect thereto, receiving a payment or enforcing its rights thereunder, any Agent or any Lender is required to file a Tax Return in a jurisdiction in which it would not otherwise be required file, the Loan Parties shall promptly provide such information necessary for the completion and filing of such Tax Return as the relevant Agent or Lender shall reasonably request with respect to the completion and filing of such Tax Return. For clarification, any expenses incurred in connection with such filing shall be subject to Section 11.03.

(k) Value Added Tax. All amounts set out, or expressed to be payable under a Loan Document by any party to a Lender or Agent which (in whole or in part) constitute the consideration for value added tax purposes shall be deemed to be exclusive of any applicable value added tax, and accordingly, if value added tax is chargeable on any supply or service made by any Lender or Agent to any party under a Loan Document and such value added tax is required to be collected by such Lender or Agent (or the representative member of any group of which the relevant Lender or Agent forms a part for purposes of value added tax) pursuant to applicable Requirements of Law, that party shall pay to the Lender or Agent (in addition to and at the same time as paying the consideration) an amount equal to the amount of the value added tax (and such Lender or Agent shall promptly provide an appropriate value added invoice to such party).

Where a Loan Document requires any party to reimburse a Lender or Agent for any costs or expenses, that party shall also at the same time pay and indemnify the Lender or Agent against all

value added tax incurred by the Lender or Agent in respect of the costs or expenses to the extent that the Lender or Agent reasonably determines that neither it nor any other member of any group of which it is a member for value added tax purposes is entitled to credit or repayment from the relevant Taxing Authority in respect of the value added tax.

If any Lender or Agent requires any Loan Party to pay any additional amount pursuant to Section 2.15(k), then such Lender or Agent and Loan Party shall use reasonable efforts to cooperate to minimize the amount such Loan Party is required to pay if, in the judgment of such Lender or Agent, such co-operation would not subject such Lender or Agent to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or Agent. For the avoidance of doubt, all references to value added tax in this Section 2.15(k) include reference to goods and services tax.

(I) Covered Aleris Syndication Taxes.

(i) Notwithstanding anything to the contrary contained in this Agreement or in any other Loan Document, a Covered Aleris Lender's indemnification for Covered Aleris Syndication Taxes with respect to an interest in a Covered Aleris Loan for a Covered Aleris Payment Date (other than a Covered Aleris Payment Date that occurs during the Aleris Syndication Period) shall not exceed an amount equal to the lesser of (x) the U.S. federal withholding Taxes to which such Covered Aleris Lender holding such interest in a Covered Aleris Loan is subject with respect to such interest as of such Covered Aleris Payment Date, (y) the allocable share of the Aleris Gross-Up Cap with respect to such interest in a Covered Aleris Loan and (z) in the case of a Covered Aleris Lender that acquired such interest in a Covered Aleris Loan from another Covered Aleris Lender pursuant to an Assignment and Assumption after the Aleris Syndication Termination Date, the amounts of Covered Aleris Syndication Taxes for which such assignor Covered Aleris Lender was entitled to indemnification hereunder with respect to such interest in a Covered Aleris Loan immediately before such assignment.

(ii) The aggregate amount of indemnification for Covered Aleris Syndication Taxes payable on any Covered Aleris Payment Date to all Covered Aleris Lenders shall not exceed an amount equal to two percent (2%) of the aggregate amount of interest and other non-principal amounts payable in respect of all of the Aleris Incremental Term Loans on such Covered Aleris Payment Date (such aggregate amount of indemnification with respect to a given Covered Aleris Payment Date, the "Aleris Gross-Up Cap"). For the avoidance of doubt, the Aleris Gross-Up Cap shall not be reduced by any Taxes for which the Co-Borrowers are otherwise providing an indemnity to the Lender hereunder.

(iii) For purposes of Section 2.15(l)(i)(y) above, the allocable share of the Aleris Gross-Up Cap with respect to each interest in a Covered Aleris Loan

shall be determined on or after the Aleris Syndication Termination Date by the Incremental Mandated Lead Arrangers in consultation with the Borrower (which may be memorialized in one or more Assignment and Assumptions). Promptly after the allocable share of the Aleris Gross-Up Cap with respect to each interest in a Covered Aleris Loan is determined pursuant to the preceding sentence, the Incremental Mandated Lead Arrangers shall deliver or cause to be delivered in writing to the Administrative Agent and the Borrower (a) the name of each Covered Aleris Lender holding an interest in a Covered Aleris Loan as of the Aleris Syndication Termination Date, (b) the principal amount of the interest in a Covered Aleris Loan held by each such Lender and (c) the share of the Aleris Gross-Up Cap allocable to each such interest.

(iv) In the case of any Covered Aleris Payment Date that occurs during the Aleris Syndication Period, the Aleris Gross-Up Cap with respect to such Covered Aleris Payment Date shall be allocated among the Covered Aleris Lenders pro rata in accordance with the principal amount of each Covered Aleris Lender's Covered Aleris Loans on such Covered Aleris Payment Date; provided, to the extent such Covered Aleris Lender's allocable share of the Aleris Gross-Up Cap exceeds such Covered Aleris Lender's actual U.S. federal withholding Taxes with respect to the Covered Aleris Loans on such Covered Aleris Payment Date, then such excess shall be re-allocated among such other Covered Aleris Lenders in a similar manner until no such excess remains with respect to any such Covered Aleris Lender.

(v) For payments by any Loan Party under the Loan Documents that will (or are required to) include, or for which such Loan Party will (or is required to) withhold, any amounts attributable to the Covered Aleris Syndication Taxes, on or prior to the date of such payment, the Borrower shall deliver to the Administrative Agent a certificate certifying the allocation of such payment, which payment shall include the interest amount and the amount of indemnification payments in respect of Covered Aleris Syndication Taxes, among the Lenders, which allocation set forth in such certificate shall reflect the then-current allocations established pursuant to clauses (i) through (iv) of this Section 2.15(l), and the amounts, if any, (x) required to be withheld for any Taxes under applicable Requirements of Law, (y) of Taxes so withheld by the Loan Parties, and (z) of any Taxes to be withheld by the Administrative Agent (which amount under this clause (z) shall be zero unless the Administrative Agent otherwise agrees in writing), in the case of clauses (x) through (z), for purposes of paying the relevant Taxing Authority in accordance with applicable Requirements of Law. For purposes of the foregoing certificate under this clause (v), the Borrower may rely on copies of the Register and each Assignment and Assumption obtained by it in accordance with Section 11.04(c) (it being understood that the Borrower shall have a reasonable duty to request such copies and any updates thereto in connection with its obligation to deliver such certificate).

(vi) By becoming a party to this Agreement, each Lender agrees, notwithstanding anything to the contrary in this Agreement or any other Loan Document, that (x) the Administrative Agent may rely upon and comply with the allocations set forth in the certificate described in Section 2.15(l)(v), without further verification of the Administrative Agent, (y) the Administrative Agent may rely upon the withholding amounts set forth in such certificate, and (z) each Covered Aleris Lender shall indemnify the Administrative Agent (and any sub-agent thereof), within three (3) Business Days after demand therefor, for any losses, claims, damages, liabilities, costs, and related expenses (including the fees, charges and disbursements of any counsel) incurred in relation to any underwithholding of Taxes from such Lender with respect to such payments.

(m) Survival. Each party's obligations under this Section 2.15 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 2.16 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. Each Lender may at any time or from time to time designate, by written notice to the Administrative Agent, one or more lending offices (which, for this purpose, may include Affiliates of the respective Lender) for the various Loans made by such Lender; provided that to the extent such designation shall result, as of the time of such designation, in increased costs under Section 2.12, Section 2.15 or Section 7.10 in excess of those which would be charged in the absence of the designation of a different lending office (including a different Affiliate of the respective Lender), then the Loan Parties shall not be obligated to pay such excess increased costs (although the applicable Loan Party, in accordance with and pursuant to the other provisions of this Agreement, shall be obligated to pay the costs which would apply in the absence of such designation and any subsequent increased costs of the type described above resulting from changes after the date of the respective designation). Each lending office and Affiliate of any Lender designated as provided above shall, for all purposes of this Agreement, be treated in the same manner as the respective Lender (and shall be entitled to all indemnities and similar provisions in respect of its acting as such hereunder). Each lending office and Affiliate of any Lender designated as provided above shall, for all purposes of this Agreement, be treated in the same manner as the respective Lender (and shall be entitled to all indemnities and similar provisions in respect of its acting as such hereunder). The proviso to the first sentence of this Section 2.16(a) shall not apply to changes in a lending office pursuant to Section 2.16(b) if such change was made upon the written request of any Loan Party.

(b) Mitigation Obligations. If any Lender requests compensation under Section 2.12, or requires any Loan Party to pay any additional amount to any Lender or any Taxing Authority for the account of any Lender pursuant to Section 2.15 or Section 7.10, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would

eliminate or reduce amounts payable pursuant to Section 2.12, Section 2.15 or Section 7.10, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Each Loan Party hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment. A certificate setting forth such costs and expenses submitted by such Lender to the Designated Company shall be conclusive absent manifest error.

(c) Replacement of Lenders. If any Lender requests compensation under Section 2.12, or if any Loan Party is required to pay any additional amount to any Lender or any Taxing Authority for the account of any Lender pursuant to Section 2.15 or Section 7.10, or if any Lender is a Defaulting Lender, or if the Designated Company exercises its replacement rights under Section 11.02(d), then the Designated Company may, at its sole expense and effort, upon notice by the Designated Company to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.04), all of its interests, rights and obligations under this Agreement and the other Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Co-Borrowers or the assignee shall have paid to the Administrative Agent the processing and recordation fee specified in Section 11.04(b);

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 2.13), from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Co-Borrowers (in the case of all other amounts, including any amounts under Section 2.10(j));

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.12 or payments required to be made pursuant to Section 2.15 or Section 7.10, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with applicable Requirements of Law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Designated Company to require such assignment and delegation cease to apply.

Section 2.17 [INTENTIONALLY OMITTED].

Section 2.18 [INTENTIONALLY OMITTED].

Section 2.19 Interest Act (Canada); Criminal Rate of Interest; Nominal Rate of Interest.

(a) Notwithstanding anything to the contrary contained in this Agreement or in any other Loan Document, solely to the extent that a court of competent jurisdiction finally determines that the calculation or determination of interest or any fee payable by any Canadian Loan Party in respect of the Obligations pursuant to this Agreement and the other Loan Documents shall be governed by the laws of any province of Canada or the federal laws of Canada, in no event shall the aggregate interest (as defined in Section 347 of the Criminal Code, R.S.C. 1985, c. C-46, as the same shall be amended, replaced or re-enacted from time to time, "Section 347") payable by the Canadian Loan Parties to the Agents or any Lender under this Agreement or any other Loan Document exceed the effective annual rate of interest on the Credit advances (as defined in Section 347) under this Agreement or such other Loan Document lawfully permitted under Section 347 and, if any payment, collection or demand pursuant to this Agreement or any other Loan Document in respect of Interest (as defined in Section 347) is determined to be contrary to the provisions of Section 347, such payment, collection or demand shall be deemed to have been made by mutual mistake of the Agents, the Lenders and the Canadian Loan Parties and the amount of such payment or collection shall be refunded by the relevant Agents and Lenders to the applicable Canadian Loan Parties. For the purposes of this Agreement and each other Loan Document to which the Canadian Loan Parties are a party, the effective annual rate of interest payable by the Canadian Loan Parties shall be determined in accordance with generally accepted actuarial practices and principles over the term of the loans on the basis of annual compounding for the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Administrative Agent for the account of the Canadian Loan Parties will be conclusive for the purpose of such determination in the absence of evidence to the contrary.

(b) For the purposes of the Interest Act (Canada) and with respect to Canadian Loan Parties only:

(i) whenever any interest or fee payable by the Canadian Loan Parties is calculated using a rate based on a year of 360 days or 365 days, as the case may be, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 360 days or 365 days, as the case may be, (y) multiplied by the actual number of days in the calendar year in which such rate is to be ascertained and (z) divided by 360 or 365, as the case may be; and

(ii) all calculations of interest payable by the Canadian Loan Parties under this Agreement or any other Loan Document are to be made on the basis of the nominal interest rate described herein and therein

and not on the basis of effective yearly rates or on any other basis which gives effect to the principle of deemed reinvestment of interest.

The parties hereto acknowledge that there is a material difference between the stated nominal interest rates and the effective yearly rates of interest and that they are capable of making the calculations required to determine such effective yearly rates of interest.

Section 2.20 [INTENTIONALLY OMITTED].

Section 2.21 [INTENTIONALLY OMITTED].

Section 2.22 Cashless Rollover of Term Loans. Notwithstanding anything to the contrary in this Agreement, any Lender may exchange, continue or rollover all or a portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, in each case pursuant to a cashless settlement mechanism approved by the Designated Company, the Administrative Agent and such Lender.

Section 2.23 Incremental Term Loan Commitments.

(a) Incremental Request. Following the Syndication Termination Date, (without regard to clause (ii) of such definition to the extent that the Aleris Incremental Commitment Termination Date has occurred without the funding of the Aleris Incremental Term Loans), the Designated Company may by written notice to the Administrative Agent, elect to request the establishment of one or more new Term Loan Commitments for one or more Co-Borrowers (each, an "Incremental Term Loan Commitment") (x) in an aggregate principal amount of not less than \$25,000,000 (or the Dollar Equivalent thereof in an Alternative Currency) individually and (y) an integral multiple of \$1,000,000 (or the Dollar Equivalent thereof in an Alternative Currency) in excess thereof. Each such notice shall specify (i) date on which the Designated Company proposes that such Incremental Term Loan Commitments shall be effective (each, an "Increase Effective Date"), which shall be a date not less than 10 Business Days after the date on which such notice is delivered to the Administrative Agent and (ii) the identity of each Lender or Additional Lender to whom the Designated Company proposes any portion of such Incremental Term Loan Commitments be allocated and the amount of such allocations; provided that any existing Lender approached to provide all or a portion of any Incremental Term Loan Commitments may elect or decline, in its sole discretion, to provide such Incremental Term Loan Commitments.

(b) Conditions. Such Incremental Term Loan Commitments shall become effective, as of such Increase Effective Date; provided that:

(i) each of the conditions set forth in Section 4.03 shall be satisfied;

(ii) no Default shall have occurred and be continuing or would result from the borrowings to be made on the Increase Effective Date;

(iii) the aggregate amount of all Incremental Term Loans permitted to be made pursuant to such Incremental Term Loan Commitments shall not exceed the sum of (A) \$300,000,000 (or the Dollar Equivalent thereof in other Alternative Currencies) plus (B) an additional unlimited amount so long as, after giving effect to the borrowings to be made on the Increase Effective Date and to the consummation of any Permitted Acquisition or other Investment or application of funds made with the proceeds of such borrowings, on a Pro Forma Basis, the Senior Secured Net Leverage Ratio at such date is not greater than 3.00 to 1.0 (provided that in calculating the Senior Secured Net Leverage Ratio, the proceeds of Incremental Term Loans shall be excluded from Unrestricted Cash) (it being understood that the Designated Company may elect to utilize amounts under either clause (A) or (B) (to the extent compliant therewith), and may use clause (B) (to the extent compliant therewith) prior to utilization of amounts under clause (A) in the case of a concurrent use);

(iv) the Loan Parties shall deliver or cause to be delivered any legal opinions or other documents reasonably requested by the Administrative Agent in connection with any such transaction; and

(v) immediately after giving effect to all Incremental Term Loans permitted to be made pursuant to such Incremental Term Loan Commitments, the Designated Company shall be in compliance, on a Pro Forma Basis, with the Financial Performance Covenant (provided that in calculating the Senior Secured Net Leverage Ratio, the proceeds of Incremental Term Loans shall be excluded from Unrestricted Cash), and the Designated Company shall have delivered to the Administrative Agent a certificate of a Responsible Officer setting forth in reasonable detail the calculations demonstrating such compliance;

provided, further that if the proceeds of any Incremental Term Loans are being used to finance an Acquisition that is not conditioned on the obtaining of any financing, then, except to the extent otherwise required by the Lenders or Additional Lenders making such Incremental Term Loans, (x) the representations and warranties referred to in Section 4.03(c) shall be limited to those contained in Sections 3.01, 3.02, 3.03(b), 3.03(c), 3.10, 3.11, 3.12, 3.16, 3.20, 3.22 and 3.24, and 3.28 and (y) the Defaults referred to in Section 4.03(b) and Section 2.23(b)(ii) shall be limited to Significant Events of Default.

(c) Terms of Incremental Term Loans and Commitments. The terms and provisions of Loans made pursuant to the new Commitments shall be as follows:

(i) terms and provisions of Loans made pursuant to Incremental Term Loan Commitments (“Incremental Term Loans”) shall be, except as otherwise set forth herein or in the Increase Joinder, identical to the existing Term Loans;

(ii) the Weighted Average Life to Maturity of all Incremental Term Loans shall be no shorter than the Weighted Average Life to Maturity of the existing Term Loans;

(iii) the maturity date of Incremental Term Loans (the “Incremental Term Loan Maturity Date”) shall not be earlier than the Latest Maturity Date; and

(iv) the Applicable Margins for the Incremental Term Loans shall be determined by the Designated Company and the applicable new Lenders and the interest rate for the Incremental Term Loans shall be determined by reference to the Eurodollar Rate (or the applicable alternative interest rate benchmark for any applicable Alternative Currency in accordance with Section 2.23(f)(i)); provided, however, that with respect to any Incremental Term Loans incurred prior to the fifteen-month anniversary of the Closing Date, if the initial yield on such Incremental Term Loans (as determined by the Administrative Agent to be equal to the sum of (x) the margin above the Eurodollar Rate (or the applicable alternative interest rate benchmark for any applicable Alternative Currency in accordance with Section 2.23(f)(i)) on such Incremental Term Loans, (y) if such Incremental Term Loans are initially made at a discount or the Lenders making the same receive an upfront fee (other than any customary arrangement, underwriting or similar fees that are paid to the arranger of such Incremental Term Loans in its capacity as such) directly or indirectly from Holdings, any Co-Borrower or any Subsidiary for doing so (the amount of such discount or fee, expressed as a percentage of the Incremental Term Loans, being referred to herein as “Incremental OID”), the amount of such Incremental OID divided by the lesser of (A) the average life to maturity of such Incremental Term Loans and (B) four, and (z) any amount by which the minimum Eurodollar Rate (or the applicable alternative interest rate benchmark for any applicable Alternative Currency in accordance with Section 2.23(f)(i)) applicable to such Incremental Term Loans exceeds the minimum Eurodollar Rate then applicable to the Initial Term Loans) exceeds the sum of (1) the Applicable Margin then in effect for Eurodollar Rate Loans that are Initial Term Loans, and (2) the Upfront Fees divided by four, by more than 50 basis points (the amount of such excess above 50 basis points being referred to herein as the “Incremental Net Yield”), then the Applicable Margin then in effect for Initial Term Loans shall automatically be increased by the Incremental Net Yield, effective upon the making of the Incremental Term Loans; provided

that to the extent the Applicable Margin applicable to the Initial Term Loans is so increased, the Applicable Margin on the Term Loans advanced after the Closing Date but prior to the relevant Increase Effective Date shall be increased such that the difference between the Applicable Margin applicable to the Initial Term Loans and such Term Loans remains constant (or, if such Applicable Margin of both such series of Term Loans was equal, such Applicable Margin remains equal). All determinations by the Administrative Agent as to Incremental Net Yield or other matters contemplated by this Section 2.23 shall be conclusive absent manifest error.

The Incremental Term Loan Commitments shall be effected by a joinder agreement (the "Increase Joinder") executed by the Loan Parties, the Administrative Agent and each Lender or Additional Lender making such Incremental Term Loan Commitment, in form and substance satisfactory to each of them. The Increase Joinder may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.23. This Section 2.23 (including clause (f) hereof) shall supersede any provision in Section 2.14 or Section 11.02 to the contrary. In addition, unless otherwise specifically provided herein, all references in Loan Documents to Term Loans shall be deemed, unless the context otherwise requires, to include references to Term Loans made pursuant to Incremental Term Loan Commitments made pursuant to this Agreement, and all references in Loan Documents to Commitments of a Class shall be deemed, unless the context otherwise requires, to include references to new Commitments of such Class made pursuant to this Agreement.

(d) Making of Incremental Term Loans. On any Increase Effective Date on which Incremental Term Loan Commitments are effective, subject to the satisfaction of the terms and conditions of this Section 2.23, each Lender of such Incremental Term Loan Commitments shall make a Term Loan to the applicable Co-Borrower in an amount equal to its new Commitment.

(e) Equal and Ratable Benefit. The Loans and Commitments established pursuant to this Section 2.23 shall constitute Loans and Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, rank pari passu with the other Loans in right of payment and benefit equally and ratably from the Guarantees, Foreign Guarantees and security interests created by the Security Documents. The Loan Parties shall take any actions reasonably required by the Administrative Agent to ensure and/or demonstrate that the Lien and security interests granted by the Security Documents continue to be perfected under the UCC, the PPSA or otherwise after giving effect to the establishment of any such Incremental Term Loan Commitments or any such new Term Loans.

(f) Alternative Currency Term Loans. Subject to the conditions set forth above, the Designated Company may elect to establish Incremental Term Loan Commitments denominated in an Alternative Currency. In such event, the Increase Joinder may additionally effect such amendments and modifications to this Agreement or the other Loan Documents, and the Administrative Agent and the Loan Parties may enter into such additional Loan Documents, in

each case, deemed necessary or appropriate by the Administrative Agent in connection with such Incremental Term Loan Commitments denominated in Alternative Currencies to modify or add provisions relating to (i) the reference source for the determination of the Eurodollar Rate applicable to Term Loans made in any Alternative Currency or alternative interest rate benchmark for any applicable Alternative Currency, (ii) the notice periods for borrowing requests with respect to Term Loans made in any Alternative Currency, (iii) the minimum borrowing or prepayments amounts applicable to any Term Loan denominated in an Alternative Currency, (iv) the timing and manner of delivery of funds in any Alternative Currency, (v) gross-up and/or indemnity with respect to withholding tax matters and (vi) other provisions customarily applicable to loans in an Alternative Currency, including, but not limited to, Sections 2.11 and 2.12. With respect to the calculations set for in clause (c)(iv) above for any Incremental Net Yield with respect to Incremental Term Loans denominated in an Alternative Currency, such calculations shall be made by the Administrative Agent based on the margin above the appropriate benchmark component of the interest rate for the Alternative Currency, as well as any applicable minimum rates or floors and original issue discount or up front fees (which original issue discount and upfront fees shall be given effect as provided above).

Section 2.24 Refinancing Amendments.

(a) At any time after the Closing Date, each Co-Borrower may obtain, from any Lender or any Additional Lender, Credit Agreement Refinancing Indebtedness in respect of all or any portion of the Term Loans made to such Co-Borrower then outstanding under this Agreement (which will be deemed to include any then outstanding Other Term Loans), in the form of Other Term Loans or Other Loan Term Commitments, in each case pursuant to a Refinancing Amendment; provided that such Credit Agreement Refinancing Indebtedness (i) will rank pari passu in right of payment and of security with the other Loans and Commitments hereunder, (ii) will have such pricing and optional prepayment terms as may be agreed by the Designated Company and the Lenders thereof, (iii) will have a maturity date that is not prior to the maturity date of, and will have a Weighted Average Life to Maturity that is not shorter than the Term Loans being refinanced, (iv) subject to clause (ii) above, will have terms and conditions that are substantially identical to, or less favorable to the investors providing such Credit Agreement Refinancing Indebtedness than, the Refinanced Debt and (v) the proceeds of such Credit Agreement Refinancing Indebtedness shall be applied, substantially concurrently with the incurrence thereof, to the prepayment of outstanding Term Loans being so refinanced; provided further that the terms and conditions applicable to such Credit Agreement Refinancing Indebtedness may provide for any additional or different financial or other covenants or other provisions that are agreed between the Designated Company and the Lenders thereof and applicable only during periods after the Latest Maturity Date that is in effect on the date such Credit Agreement Refinancing Indebtedness is issued, incurred or obtained. The effectiveness of any Refinancing Amendment shall be subject to the satisfaction on the date thereof of each of the conditions set forth in Section 4.03 and, to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of legal opinions, board resolutions, officers' certificates and/or reaffirmation agreements consistent with those delivered on the Closing Date under Section 4.02. Each Class of Credit Agreement Refinancing Indebtedness incurred under this Section 2.24 shall be in an aggregate principal amount that is (x) not less than \$50,000,000 in the case of Other Term Loans and (y) an integral multiple of \$1,000,000 in excess thereof. The

Administrative Agent shall promptly notify each Lender as to the effectiveness of each Refinancing Amendment. Each of the parties hereto hereby agrees that, upon the effectiveness of any Refinancing Amendment, this Agreement shall be deemed amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Credit Agreement Refinancing Indebtedness incurred pursuant thereto (including any amendments necessary to treat the Loans and Commitments subject thereto as Other Term Loans and/or Other Term Loan Commitments). Any Refinancing Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Designated Company, to effect the provisions of this Section.

(b) This Section 2.24 shall supersede any provisions in Section 2.14 or Section 11.02 to the contrary.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants (provided that no such representation or warranty shall be made with respect to Sections 3.05(b), 3.05(d), 3.06(b), 3.07, 3.20, or 3.24 prior to the Closing Date) to the Administrative Agent, the Collateral Agent and each of the Lenders that:

Section 3.01 Organization; Powers. Each Company (a) is duly organized or incorporated (as applicable) and validly existing under the laws of the jurisdiction of its organization or incorporation (as applicable), (b) has all requisite organizational or constitutional power and authority to carry on its business as now conducted and to own and lease its property, (c) is qualified and in good standing (to the extent such concept is applicable in the applicable jurisdiction) to do business in every jurisdiction where such qualification is required, except in such jurisdictions where the failure to so qualify or be in good standing, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, and (d) except as set forth in Section 2.03(b), is acting as principal for its own account and not as agent or trustee in any capacity on behalf of any party in relation to the Loan Documents.

Section 3.02 Authorization; Enforceability. The Transactions to be entered into by each Loan Party are within such Loan Party's organizational or constitutional powers and have been duly authorized by all necessary organizational or constitutional action on the part of such Loan Party. This Agreement has been duly executed and delivered by each Loan Party and constitutes, and each other Loan Document to which any Loan Party is to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 3.03 No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) such as

have been obtained or made and are in full force and effect, (ii) filings necessary to perfect Liens created by the Loan Documents (as reflected in the applicable Perfection Certificate on and after the Closing Date) and (iii) consents, approvals, registrations, filings, permits or actions the failure to obtain or perform which could not reasonably be expected to result in a Material Adverse Effect, (b) will not violate the Organizational Documents of any Company, (c) will not violate any material Requirement of Law, (d) will not violate or result in a default or require any consent or approval under any indenture, agreement or other instrument binding upon any Company or its property, or give rise to a right thereunder to require any payment to be made by any Company, except for violations, defaults or the creation of such rights that could not reasonably be expected to result in a Material Adverse Effect, and (e) will not result in the creation or imposition of any Lien on any property of any Company, except Liens created by the Loan Documents and Permitted Liens. The execution, delivery and performance of the Loan Documents will not violate, or result in a default under, or require any consent or approval under, the Senior Notes, the Senior Note Documents, or the Revolving Credit Loan Documents.

Section 3.04 Financial Statements; Projections.

(a) Historical Financial Statements. The Borrower has heretofore delivered to the Lenders the consolidated balance sheets and related statements of income, stockholders' equity and cash flows of the Borrower (i) as of and for the fiscal years ended March 31, 2014, March 31, 2015 and March 31, 2016, audited by and accompanied by the unqualified opinion of PricewaterhouseCoopers, independent public accountants, and (ii) as of and for the fiscal quarters ended June 30, 2016 and September 30, 2016, and for the comparable period of the preceding fiscal year, in each case certified by the chief financial officer of the Borrower. Such financial statements and all financial statements delivered pursuant to Section 5.01(a) and Section 5.01(b) have been prepared in accordance with US GAAP and present fairly in all material respects the financial condition and results of operations and cash flows of the Designated Company as of the dates and for the periods to which they relate.

(b) No Liabilities; No Material Adverse Effect. Except as set forth in the most recent financial statements referred to in Section 3.04(a), as of the Effective Date and the Closing Date there are no liabilities of any Company of any kind, whether accrued, contingent, absolute, determined, determinable or otherwise, which could reasonably be expected to result in a Material Adverse Effect, other than liabilities under the Loan Documents and any Third Lien Credit Agreement. Since March 31, 2016, there has been no event, change, circumstance or occurrence that, individually or in the aggregate, has had or could reasonably be expected to result in a Material Adverse Effect.

(c) Pro Forma Financial Statements. The Borrower has heretofore delivered to the Lenders the Borrower's unaudited pro forma consolidated capitalization table and balance sheet as of September 30, 2016, after giving effect to the Transactions as if they had occurred on such date. Such capitalization table and balance sheet have been prepared in good faith by the Loan Parties, based on the assumptions stated therein (which assumptions are believed by the Loan Parties on the Effective Date and the Closing Date to be reasonable), are based on the best

information available to the Loan Parties as of the date of delivery thereof, accurately reflect all adjustments required to be made to give effect to the Transactions and present fairly in all material respects the pro forma capitalization and balance sheet of Holdings as of such date assuming the Transactions had occurred at such date.

(d) Forecasts. The forecasts of financial performance of the Companies covering the period commencing with September 30, 2016 and ending on March 31, 2022, furnished to the Lenders, have been prepared in good faith by the Loan Parties and based on assumptions believed by the Loan Parties to be reasonable, it being understood that any such forecasts may vary from actual results and such variations could be material.

Section 3.05 Properties.

(a) Generally. Each Company has good title to, valid leasehold interests in, or license of, all its property material to its business, free and clear of all Liens except for Permitted Liens (and, prior to the consummation of the Transactions that occur on the Closing Date, Liens securing obligations under the Existing Credit Agreement). The property that is material to the business of the Companies, taken as a whole, (i) is in good operating order, condition and repair in all material respects (ordinary wear and tear excepted) and (ii) constitutes all the property which is required for the business and operations of the Companies as presently conducted.

(b) Real Property. Schedules 8(a) and 8(b) to the Perfection Certificate dated the Closing Date contain a true and complete list of each interest in Real Property (i) owned by any Loan Party as of the Closing Date having fair market value of \$1,000,000 or more and describes the type of interest therein held by such Loan Party and whether such owned Real Property is leased to a third party and (ii) leased, subleased or otherwise occupied or utilized by any Loan Party, as lessee, sublessee, franchisee or licensee, as of the Closing Date having annual rental payments of \$1,000,000 or more and describes the type of interest therein held by such Loan Party.

(c) No Casualty Event. No Company has as of the Effective Date or the Closing Date received any notice of, nor has any knowledge of, the occurrence or pendency or contemplation of any Casualty Event affecting all or any material portion of its property. No Mortgage encumbers improved Real Property located in the United States that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards within the meaning of the ~~National Flood Insurance Act of 1968~~ Laws unless flood insurance available under such Act Flood Insurance Laws has been obtained in accordance with Section 5.04.

(d) Collateral. Each Company owns or has rights to use all of the Collateral used in, necessary for or material to each Company's business as currently conducted, except where the failure to have such ownership or rights of use could not reasonably be expected to have a Material Adverse Effect. The use by each Company of such Collateral does not infringe on the rights of any person other than such infringement which could not, individually or in the aggregate,

reasonably be expected to result in a Material Adverse Effect. No claim has been made and remains outstanding that any Company's use of any Collateral does or may violate the rights of any third party that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

Section 3.06 Intellectual Property.

(a) Ownership/No Claims. Each Loan Party owns, or is licensed to use, all patents, trademarks, copyrights and other intellectual property (including intellectual property in software, mask works, inventions, designs, trade names, service marks, technology, trade secrets, proprietary information and data, domain names, know-how and processes) necessary for the conduct of such Loan Party's business as currently conducted ("Intellectual Property"), except for those the failure to own or license which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. As of the Effective Date and the Closing Date, no material claim has been asserted and is pending by any person, challenging or questioning the validity of any Loan Party's Intellectual Property or the validity or enforceability of any such Intellectual Property, nor does any Loan Party know of any valid basis for any such claim. The use of any Intellectual Property by each Loan Party, and the conduct of each Loan Party's business as currently conducted, does not infringe or otherwise violate the rights of any third party in respect of Intellectual Property, except for such claims and infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(b) Registrations. Except pursuant to non-exclusive licenses and other non-exclusive use agreements entered into by each Loan Party in the ordinary course of business, and except as set forth on Schedule 12(c) to the Perfection Certificate, on and as of the Closing Date each Loan Party owns and possesses the right to use and has not authorized or enabled any other person to use, any Intellectual Property listed on any schedule to the relevant Perfection Certificate or any other Intellectual Property that is material to its business, except for such authorizations and enablements as could not reasonably be expected to result in a Material Adverse Effect. All registrations listed on Schedule 12(a) and 12(b) to the Perfection Certificate are valid and in full force and effect, in each case, except where the absence of such validity or full force and effect, individually or collectively, could not reasonably be expected to have a Material Adverse Effect.

(c) No Violations or Proceedings. To each Loan Party's knowledge, on and as of the Effective Date and the Closing Date, (i) there is no material infringement or other violation by others of any right of such Loan Party with respect to any Intellectual Property that is subject to a security interest granted to the Revolving Credit Collateral Agent, or any other Intellectual Property that is material to its business, except as may be set forth on Schedule 3.06(c), and (ii) no claims are pending or threatened to such effect except as set forth on Schedule 3.06(c).

Section 3.07 Equity Interests and Subsidiaries.

(a) Equity Interests. Schedules 1(a) and 10 to the Perfection Certificate dated the Closing Date set forth a list of (i) all the Subsidiaries of Holdings and their jurisdictions of

organization as of the Closing Date and (ii) the number of each class of its Equity Interests authorized, and the number outstanding, on the Closing Date and the number of shares covered by all outstanding options, warrants, rights of conversion or purchase and similar rights at the Closing Date. As of the Closing Date, all Equity Interests of each Company held by Holdings or a Subsidiary thereof are duly and validly issued and are fully paid and non-assessable, and, other than the Equity Interests of Holdings, are owned by Holdings, directly or indirectly through Wholly Owned Subsidiaries except as indicated on Schedules 1(a) and 10 to the Perfection Certificate. At all times prior to a Qualified Borrower IPO, 100% of the Equity Interests of the Borrower will be owned directly by Holdings, and 100% of the Equity Interests of the other Co-Borrower shall be owned directly or indirectly by Holdings (or, in the case of each Co-Borrower, on and after the Designated Holdco Effective Date, will be owned directly or indirectly by Designated Holdco) except (x) to the extent otherwise permitted under clause (c) of the definition of Permitted Reorganization Action or under clause (b) of the definition of Permitted Aleris Foreign Subsidiary Transfer or (y) the Tulip Foundation may indirectly own Equity Interests in Aleris Rolled Products and Aleris Casthouse if the Tulip Conditions are satisfied at all times. At all times after a Qualified Borrower IPO, more than 50% of the voting power of the total outstanding Voting Stock of each Co-Borrower will be owned directly or indirectly by Hindalco; provided that the Tulip Foundation may indirectly own Equity Interests in Aleris Rolled Products and Aleris Casthouse if the Tulip Conditions are satisfied at all times. As of the Closing Date, each Loan Party is the record and beneficial owner of, and has good and marketable title to, the Equity Interests pledged by it under the Security Documents, free of any and all Liens, rights or claims of other persons, except Permitted Liens, and as of the Closing Date there are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any such Equity Interests.

(b) No Consent of Third Parties Required. Except as have previously been obtained, no consent of any person including any other general or limited partner, any other member of a limited liability company, any other shareholder or any other trust beneficiary is necessary in connection with the creation, perfection or First Priority status of the security interest of the Collateral Agent in any Equity Interests pledged to the Collateral Agent for the benefit of the Secured Parties under the Security Documents or the exercise by the Collateral Agent of the voting or other rights provided for in the Security Documents or the exercise of remedies in respect thereof, other than any restrictions on transfer of the Equity Interests in NKL or its direct parents, 4260848 Canada Inc., 4260856 Canada Inc. and 8018227 Canada Inc., imposed by any lock-up or listing agreement, rule or regulation in connection with any listing or offering of Equity Interests in NKL to the extent required by applicable Requirements of Law or listing or stock exchange requirements, and other than any share transfer restrictions pursuant to articles 249 and following of the Belgian Companies Code.

(c) Organizational Chart. An accurate organizational chart, showing the ownership structure of Holdings, the Borrower and each Subsidiary on the Closing Date is set forth on Schedule 10 to the Perfection Certificate dated the Closing Date. No Loan Party which is a party to an Irish Security Agreement or has otherwise created a Lien over any asset situate in Ireland pursuant to the Security Documents is a Relevant External Company.

Section 3.08 Litigation; Compliance with Laws. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority now pending or, to the knowledge of any Company, threatened against or affecting any Company or any business, property or rights of any Company (i) that involve any Loan Document or (ii) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. No Company or any of its property is in violation of, nor will the continued operation of its property as currently conducted violate, any Requirements of Law (in the case of the U.S. Hold Separate Assets, as such Requirements of Law may be modified pursuant to the U.S. Hold Separate Agreements) (including any zoning or building ordinance, code or approval or any building permits) or any restrictions of record or agreements affecting any Company's Real Property or is in default with respect to any Requirement of Law (in the case of the U.S. Hold Separate Assets, as such Requirements of Law may be modified pursuant to the U.S. Hold Separate Agreements), where such violation or default, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. The Loan Parties have implemented and maintain in effect policies and procedures designed to ensure compliance by the Loan Parties, their Subsidiaries, and their respective directors, officers, employees and agents with applicable Anti-Corruption Laws, and the Loan Parties and their Subsidiaries are in compliance with applicable Anti-Corruption Laws in all material respects.

Section 3.09 Agreements. No Company is a party to any agreement or instrument or subject to any corporate or other constitutional restriction that has resulted or could reasonably be expected to result in a Material Adverse Effect. No Company is in default in any manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other agreement or instrument to which it is a party or by which it or any of its property is or may be bound, where such default could reasonably be expected to result in a Material Adverse Effect. There is no existing default under any Organizational Document of any Company or any event which, with the giving of notice or passage of time or both, would constitute a default by any party thereunder that could reasonably be expected to have a Material Adverse Effect. No event or circumstance has occurred or exists that constitutes a Default or Event of Default.

Section 3.10 Federal Reserve Regulations. No Company is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock. No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the regulations of the Board, including Regulation T, U or X. The pledge of the Securities Collateral pursuant to the Security Documents does not violate such regulations.

Section 3.11 Investment Company Act. No Company is an "investment company" or a company "controlled" by an "investment company," as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

Section 3.12 Use of Proceeds. The Co-Borrowers will use the proceeds of (a) the Loans on the Closing Date for the Transactions, (b) any Incremental Term Loans after the Closing Date for general corporate purposes (including to effect Permitted Acquisitions and other Investments and Dividends permitted hereunder), (c) any Aleris Incremental Term Loans on the Aleris Incremental

Funding Date for the Aleris Acquisition and (d) any Other Term Loans after the Closing Date to refinance Term Loans and pay related fees and expenses; provided that in no event shall any proceeds of any Loans (including any Incremental Term Loans or Other Term Loans) be remitted, directly or indirectly, to any Swiss tax resident Company or Swiss tax resident permanent establishment, where this remittance could be viewed as a use of such proceeds in Switzerland (whether through an intercompany loan or advance by any other Company or otherwise) as per the practice of the Swiss Federal Tax Administration, unless the Swiss Federal Tax Administration confirms in a written advance tax ruling (based on a fair description of the fact pattern in the tax ruling request made by a Loan Party) that such use of proceeds in Switzerland does not lead to Swiss Withholding Tax becoming due on or in respect any Loans (including any Incremental Term Loans or Other Term Loans) or parts thereof.

Section 3.13 Taxes. Each Company has (a) timely filed or caused to be timely filed all material Tax Returns required by applicable Requirements of Law to have been filed by it and (b) duly and timely paid, collected or remitted or caused to be duly and timely paid, collected or remitted all material Taxes due and payable, collectible or remittable by it and all assessments received by it, except Taxes (i) that are being contested in good faith by appropriate proceedings and for which such Company has set aside on its books adequate reserves in accordance with US GAAP or other applicable accounting rules and (ii) which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Company has made adequate provision in accordance with US GAAP or other applicable accounting rules for all material Taxes not yet due and payable. No Company has received written notice of any proposed or pending tax assessments, deficiencies or audits that could be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect. No Company has ever been a party to any understanding or arrangement constituting a “tax shelter” within the meaning of Section 6111(c), Section 6111(d), or Section 6662(d)(2)(C)(iii) of the Code, or has ever “participated” in a “reportable transaction” within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulation Section 1.6011-4(b), except as could not be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect. Each Co-Borrower under the Aleris Incremental Term Loans is a domestic corporation as defined in Section 7701(a)(30)(C) of the Code (or is a limited liability company that is disregarded as an entity separate from its owner for United States federal income tax purposes and is wholly owned by a domestic corporation). No payment by or on account of any obligation of any Loan Party hereunder, or under any other Loan Document, in respect of the Aleris Incremental Term Loans is subject to any withholding Taxes other than U.S. federal withholding Taxes.

Section 3.14 No Material Misstatements. The written information (including the Confidential Information Memorandum), reports, financial statements, certificates, exhibits or schedules furnished by or on behalf of any Company to any Agent or any Lender in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto, taken as a whole, did not and does not contain any material misstatement of fact and, taken as a whole, did not and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or are made, not materially misleading in their presentation of Holdings, the Designated Company and its Subsidiaries taken as a whole as of the date such information is dated or certified; provided that to the extent any such information, report, financial statement, exhibit or schedule was based upon or constitutes a forecast or projection, each

Loan Party represents only that it was prepared in good faith and based on assumptions believed by the applicable Loan Parties to be reasonable.

Section 3.15 Labor Matters. As of the Effective Date and the Closing Date, there are no material strikes, lockouts or labor slowdowns against any Company pending or, to the knowledge of any Company, threatened in writing. The hours worked by and payments made to employees of any Company have not been in violation of the Fair Labor Standards Act of 1938, as amended, or any other applicable federal, state, provincial, local or foreign law dealing with such matters in any manner which could reasonably be expected to result in a Material Adverse Effect. All payments due from any Company, or for which any claim may be made against any Company, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of such Company except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any Company is bound, except as could not reasonably be expected to result in a Material Adverse Effect.

Section 3.16 Solvency. At the time of and immediately after each of (i) the consummation of the Transactions to occur on the Effective Date and the Closing Date, (ii) the Aleris Increase Joinder Effective Date, (iii) the consummation of the Aleris Acquisition on the Aleris Incremental Funding Date, and (iv) at the time of and immediately following the making of the initial Credit Extension under any Incremental Term Loan Commitments (other than Aleris Incremental Term Loan Commitments) and after giving effect to the application of the proceeds of each Loan and the operation of the Contribution, Intercompany, Contracting and Offset Agreement, (a) the fair value of the assets of the Designated Company and of the Loan Parties (on a consolidated basis with their Subsidiaries) will exceed their debts and liabilities, subordinated, contingent, prospective or otherwise; (b) the present fair saleable value of the property of the Designated Company and the Loan Parties (on a consolidated basis with their Subsidiaries) will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent, prospective or otherwise, as such debts and other liabilities become absolute and matured; (c) the Designated Company and the Loan Parties (on a consolidated basis with their Subsidiaries) will be able to pay their debts and liabilities, subordinated, contingent, prospective or otherwise, as such debts and liabilities become absolute and matured; (d) the Designated Company and the Loan Parties (on a consolidated basis with their Subsidiaries) will not have unreasonably small assets with which to conduct their business in which they are engaged as such business is now conducted and is proposed to be conducted following the Effective Date; and (e) the Designated Company and the Loan Parties (on a consolidated basis with their Subsidiaries) are not “insolvent” as such term is defined under any bankruptcy, insolvency or similar laws of any jurisdiction in which any Loan Party is organized or incorporated (as applicable), or otherwise unable to pay their debts as they fall due.

Section 3.17 Employee Benefit Plans. Each Company and its ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder except for such non-compliance that in the aggregate would not have a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events, could reasonably be expected to result in a Material Adverse Effect or the imposition of a Lien on any

of the property of any Company. The present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used in the most recent actuarial valuations used for the respective Plans) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the property of all such underfunded Plans in an amount which could reasonably be expected to have a Material Adverse Effect. Using actuarial assumptions and computation methods consistent with subpart I of subtitle E of Title IV of ERISA, the aggregate liabilities of each Company or its ERISA Affiliates to all Multiemployer Plans in the event of a complete withdrawal therefrom, as of the close of the most recent fiscal year of each such Multiemployer Plan, could not reasonably be expected to result in a Material Adverse Effect.

To the extent applicable, each Foreign Plan has been maintained in compliance with its terms and with the requirements of any and all Requirements of Law and has been maintained, where required, in good standing with applicable Governmental Authority and Taxing Authority, except for such non-compliance that in the aggregate would not have a Material Adverse Effect. No Company has incurred any obligation in connection with the termination of or withdrawal from any Foreign Plan, except to the extent of liabilities which could not reasonably be expected to have a Material Adverse Effect. Each Foreign Plan which is required to be funded is funded in accordance with Requirements of Law, and for each Foreign Plan which is not required to be funded, the obligations of such Foreign Plan are properly accrued in the financial statements of the Designated Company and its Subsidiaries, in each case in an amount that could not reasonably be expected to have a Material Adverse Effect.

Except as specified on Schedule 3.17, (i) no Company is or has at any time been an employer (for the purposes of Sections 38 to 51 of the Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pensions Schemes Act 1993), and (ii) no Company is or has at any time been “connected” with or an “associate” of (as those terms are used in Sections 39 and 43 of the Pensions Act 2004) such an employer.

Section 3.18 Environmental Matters.

(a) Except as, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect:

(i) The Companies and their businesses, operations and Real Property are in compliance with, and the Companies have no liability under, any applicable Environmental Law;

(ii) The Companies have obtained all Environmental Permits required for the conduct of their businesses and operations, and the ownership, operation and use of their property, under Environmental Law, and all such Environmental Permits are valid and in good standing;

(iii) There has been no Release or threatened Release of Hazardous Material on, at, under or from any Real Property or facility presently or formerly owned, leased or operated by the Companies or their predecessors in interest that could reasonably be expected to result in liability of the Companies under any applicable Environmental Law;

(iv) There is no Environmental Claim pending or, to the knowledge of any Company, threatened against the Companies, or relating to the Real Property currently or formerly owned, leased or operated by the Companies or their predecessors in interest or relating to the operations of the Companies, and, to the knowledge of any Company, there are no actions, activities, circumstances, conditions, events or incidents that could reasonably be expected to form the basis of such an Environmental Claim;

(v) No Lien has been recorded or, to the knowledge of any Company, threatened under any Environmental Law with respect to any Real Property or other assets of the Companies;

(vi) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not require any notification, registration, filing, reporting, disclosure, investigation, remediation or cleanup pursuant to any Governmental Real Property Disclosure Requirements or any other applicable Environmental Law; and

(vii) No person with an indemnity or contribution obligation to the Companies relating to compliance with or liability under Environmental Law is in default with respect to such obligation.

(b) As of the Effective Date and the Closing Date:

(i) Except as could not reasonably be expected to have a Material Adverse Effect, no Company is obligated to perform any action or otherwise incur any expense under Environmental Law pursuant to any order, decree, judgment or agreement by which it is bound or has assumed by contract, agreement or operation of law, and no Company is conducting or financing any Response pursuant to any Environmental Law with respect to any Real Property or any other location; and

(ii) No Real Property or facility owned, operated or leased by the Companies and, to the knowledge of the Companies, no Real

Property or facility formerly owned, operated or leased by the Companies or any of their predecessors in interest is (i) listed or proposed for listing on the National Priorities List promulgated pursuant to CERCLA, or (ii) listed on the Comprehensive Environmental Response, Compensation and Liability Information System promulgated pursuant to CERCLA and is reasonably likely to result in any material liability to any Company, or (iii) included on any other publicly available list of contaminated sites maintained by any Governmental Authority analogous to CERCLA or the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., including any such list relating to the management or clean up of petroleum and is reasonably likely to result in any material liability to a Company.

Section 3.19 Insurance. Schedule 3.19 sets forth a true and correct description of all insurance policies maintained by each Company as of the Effective Date and the Closing Date. All insurance maintained by the Companies to the extent required by Section 5.04 is in full force and effect, and all premiums thereon have been duly paid. As of the Effective Date and the Closing Date, no Company has received notice of violation or cancellation thereof, the Mortgaged Property, and the use, occupancy and operation thereof, comply in all material respects with all Insurance Requirements, and there exists no material default under any Insurance Requirement. Each Company has insurance in such amounts and covering such risks and liabilities as are customary for companies of a similar size engaged in similar businesses in similar locations.

Section 3.20 Security Documents.

(a) U.S. Security Agreement. Subject to Section 5.15, each of the U.S. Security Agreements is effective to create in favor of the Collateral Agent for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, when (i) financing statements and other filings in appropriate form are filed in the offices specified on Schedule 7 to the relevant Perfection Certificate as in effect on the Closing Date and (ii) upon the taking of possession or control by the Collateral Agent of the Security Agreement Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Collateral Agent to the extent possession or control by the Collateral Agent is required by each Security Agreement), the Liens created by such Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral (other than such Security Agreement Collateral in which a security interest cannot be perfected under the UCC as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(b) Canadian Security Agreement. Subject to Section 5.15, each of the Canadian Security Agreements is effective to create in favor of the Collateral Agent for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, when PPSA financing statements and other filings in appropriate form are filed in the offices specified on Schedule 7 to the relevant Perfection Certificate as in effect on the Closing Date, the Liens created by such Canadian Security

Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under the PPSA as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(c) U.K. Security Agreement. Subject to Section 5.15, each of the U.K. Security Agreements is effective to create in favor of the Collateral Agent for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, upon the registration specified on Schedule 7 to the relevant Perfection Certificate as in effect on the Closing Date, the Liens created by such U.K. Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under applicable law as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(d) Swiss Security Agreement. Subject to Section 5.15, each of the Swiss Security Agreements is effective to create in favor of the Collateral Agent for the benefit of the Secured Parties (or in the case of accessory security, in favor of the Secured Parties), legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, upon the registrations, recordings and other actions specified on Schedule 7 to the relevant Perfection Certificate as in effect on the Closing Date, the Liens created by such Swiss Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under applicable law as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(e) German Security Agreement. Subject to Section 5.15, each of the German Security Agreements is effective to create in favor of the Collateral Agent for the benefit of the Secured Parties, or in the case of accessory security, in favor of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, upon the registrations, recordings and other actions specified on Schedule 7 to the relevant Perfection Certificate as in effect on the Closing Date, the Liens created by such German Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under applicable law as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(f) Irish Security Agreement. Subject to Section 5.15, each of the Irish Security Agreements is effective to create in favor of the Collateral Agent for the benefit of and as trustee for the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security

Agreement Collateral referred to therein and, upon the registrations, recordings and other actions specified on Schedule 7 to the relevant Perfection Certificate as in effect on the Closing Date, the Liens created by such Irish Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under applicable law as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(g) Brazilian Security Agreement. Subject to Section 5.15, each of the Brazilian Security Agreements is effective to create in favor of the Collateral Agent for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, upon the registrations, recordings and other actions specified on Schedule 7 to the relevant Perfection Certificate as in effect on the Closing Date, the Liens created by each of such Brazilian Security Agreements shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under applicable law as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(h) Dubai Security Agreement. Subject to Section 5.15, each of the Dubai Security Agreements is effective to create in favor of the Collateral Agent for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, upon the registrations, recordings and other actions specified on Schedule 7 to the relevant Perfection Certificate as in effect on the Closing Date, the Liens created by such Dubai Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under applicable law as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(i) Dutch Security Agreement. Subject to Section 5.15, each of the Dutch Security Agreements is effective to create in favor of the Collateral Agent for its benefit (as creditor under the Parallel Debt provision set forth in Section 11.36) and for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, upon the registrations, recordings and other actions specified on Schedule 7 to the relevant Perfection Certificate as in effect on the date such Person becomes a Loan Party, the Liens created by such Dutch Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under applicable law as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(j) Other Security Agreements. Subject to Section 5.15, each of the Security Agreements (other than the Security Agreements described in the other provisions of this Section 3.20) is effective to create in favor of the Collateral Agent (or equivalent agent in such jurisdiction) for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, upon the registrations, recordings and other actions specified on Schedule 7 to the relevant Perfection Certificate, the Liens created by such Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under applicable law as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(k) French Security Agreement. Subject to Section 5.15, each of the French Security Agreements is effective to create in favor of the French Collateral Agent for its benefit (as creditor under the Parallel Debt provision set forth in Section 11.24) and for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, upon the registrations, recordings and other actions specified on Schedule 7 to the relevant Perfection Certificate as in effect on the Closing Date, the Liens created by such French Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under applicable law as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(l) Belgian Security Agreement. Subject to Section 5.15, each of the Belgian Security Agreements is effective to create in favor of the Collateral Agent for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Security Agreement Collateral referred to therein and, upon the registrations, recordings and other actions specified on Schedule 7 to the relevant Perfection Certificate as in effect on the date such Person becomes a Loan Party, the Liens created by such Belgian Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral referred to therein (other than such Security Agreement Collateral in which a security interest cannot be perfected under applicable law as in effect at the relevant time in the relevant jurisdiction), in each case subject to no Liens other than Permitted Liens.

(m) Intellectual Property Filings. When the (i) financing statements and other filings in appropriate form referred to on Schedule 7 to the relevant Perfection Certificate have been made, and (ii) U.S. Security Agreement or a short form thereof is filed in the United States Patent and Trademark Office and the United States Copyright Office, the Liens created by such Security Agreement shall constitute valid, perfected First Priority Liens on, and security interests in, all right, title and interest of the grantors thereunder in Patents and Trademarks (each as defined in such Security Agreement) that are registered or applied for by any Loan Party with the United States Patent and Trademark Office or Copyrights (as defined in such Security Agreement)

registered or applied for by any Loan Party with the United States Copyright Office, as the case may be, in each case subject to no Liens other than Permitted Liens.

(n) Mortgages. Subject to Section 5.15, each Mortgage (other than a Mortgage granted by a U.K. Guarantor) is effective to create, in favor of the Collateral Agent, for its benefit and the benefit of the Secured Parties, legal, valid, perfected and enforceable First Priority Liens on, and security interests in, all of the Loan Parties' right, title and interest in and to the Mortgaged Properties thereunder and the proceeds thereof, subject only to Permitted Liens, and when such Mortgages are filed in the offices specified on Schedule 8(a) to the applicable Perfection Certificates dated the Closing Date (or, in the case of any Mortgage executed and delivered after the date thereof in accordance with the provisions of Sections 5.11 and 5.12, when such Mortgage is filed in the offices specified in the local counsel opinion delivered with respect thereto in accordance with the provisions of Sections 5.11 and 5.12), the Mortgages shall constitute First Priority fully perfected Liens on, and security interests in, all right, title and interest of the Loan Parties in the Mortgaged Properties and the proceeds thereof, in each case prior and superior in right to any other person, other than Permitted Liens.

Subject to Section 5.15, the Mortgages granted by each applicable U.K. Guarantor under the relevant U.K. Security Agreement are effective to create in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, legal, valid and enforceable Liens on all of each such Loan Party's right, title and interest in and to the Mortgaged Property thereunder and the proceeds thereof, and when the Mortgages are filed with the Land Registry, the Mortgages shall constitute fully perfected First Priority Liens on, and security interest in, all right, title and interest of each applicable U.K. Guarantor in such Mortgaged Property and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to the rights of Persons pursuant to Permitted Liens until terminated in accordance with the terms hereof.

(o) Valid Liens. Each Security Document delivered pursuant to Sections 5.11, 5.12 and 5.16 will, upon execution and delivery thereof, be effective to create in favor of the Collateral Agent, for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, all of the Loan Parties' right, title and interest in and to the Collateral thereunder, and (i) when all appropriate filings, registrations or recordings and other actions set forth in the relevant Perfection Certificate are made in the appropriate offices as may be required under applicable law and (ii) upon the taking of possession or control by the Collateral Agent of such Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Collateral Agent to the extent required by any Security Document), such Security Document will constitute First Priority fully perfected Liens on, and security interests in, all right, title and interest of the Loan Parties in such Collateral, in each case subject to no Liens other than the applicable Permitted Liens.

(p) German Receivables Purchase Agreement. As of the Closing Date, (i) the German Receivables Purchase Agreement is in full force and effect, (ii) each representation and warranty under the Receivables Purchase Agreement of each Loan Party party thereto is true and correct in

all material respects on and as of the date made thereunder and (iii) no “Termination Event” (as defined therein) has occurred under the Receivables Purchase Agreement.

Section 3.21 Material Indebtedness Documents. Schedule 3.21 lists, as of the Effective Date and the Closing Date, (i) each material Senior Note Document, (ii) each material Revolving Credit Loan Document, and (iii) each material agreement, certificate, instrument, letter or other document evidencing any other Material Indebtedness other than, prior to the consummation of the Transactions that occur on the Closing Date, the Existing Credit Agreement, and the Lenders have been furnished true and complete copies of each of the foregoing.

Section 3.22 Anti-Terrorism Law; Sanctions and Anti-Corruption Law. No Loan Party or any of its Subsidiaries, or to the knowledge of any Loan Party, any director, officer, agent, employee, or other person acting on behalf of any Loan Party, is in violation of any Requirement of Law relating to terrorism or money laundering, including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “Executive Order”), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, Part II.1 of the Criminal Code, R.S.C. 1985, c. C-46, as amended, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, S.C. 2000, c.17, as amended, regulations promulgated pursuant to the Special Economic Measures Act, S.C. 1992 c. 17 and the United Nations Act, R.S.C. 1985 c. U-2, in each case, as amended (collectively, the “Anti-Terrorism Laws”).

No Loan Party or any of its Subsidiaries, and to the knowledge of the Loan Parties, any director, officer, agent, employee, or other person acting on behalf of any Loan Party, and no broker or other agent of any Loan Party acting or benefiting in any capacity in connection with the Loans is any of the following:

- (i) a person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
- (ii) a person owned or controlled by, or acting for or on behalf of, any person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
- (iii) a person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;
- (iv) a person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or
- (v) a person that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control (“OFAC”) at its

official website or any replacement website or other replacement official publication of such list.

No Loan Party and, to the knowledge of the Loan Parties, no broker or other agent of any Loan Party acting in any capacity in connection with the Loans (w) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in clauses (i) through (v) above in a manner violative of the Executive Order, any applicable Sanctions or Anti-Terrorism Law, (x) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or Anti-Terrorism Laws, (y) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law or (z) is in violation of any applicable Anti-Terrorism Laws.

Neither the advance of the Loans nor the use of the proceeds of any thereof will violate the Trading With the Enemy Act (50 U.S.C. § 1 et seq., as amended, and any executive order or requirement of applicable law promulgated thereunder) (the “Trading With the Enemy Act”) or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) (the “Foreign Assets Control Regulations”) or any enabling legislation or executive order relating thereto (which for the avoidance of doubt shall include, but shall not be limited to (a) the Executive Order and (b) the Patriot Act) or any other applicable Sanctions. Furthermore, none of the Loan Parties or their Subsidiaries (including Unrestricted Subsidiaries) and, to the Loan Parties’ knowledge, their and their Subsidiaries’ respective directors, officers, employees, Affiliates or agents (in the case of agents, that will act in any capacity in connection with or benefit from this Agreement) (a) is or will become a “blocked person” as described in the Executive Order, the Trading With the Enemy Act or the Foreign Assets Control Regulations or (b) engages or will engage in any dealings or transactions, or be otherwise associated, with any such “blocked person” or with any Sanctioned Person, in each case, in any manner violative of any applicable Sanctions or Anti-Terrorism Law or (c) is a Sanctioned Person. Each Loan Party is in compliance, in all material respects, with the Patriot Act. Each Loan Party, its Subsidiaries and their respective officers and employees and to the knowledge of such Loan Party its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in Holdings [\(or, on and after the Specified AV Minerals Joinder Date, AV Minerals\)](#) or any of its Subsidiaries being designated as a Sanctioned Person. No part of the proceeds of the Loans will be used by the Loan Parties, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, or any law, rule or regulation of any jurisdiction applicable to Holdings ~~or any of its~~ [\(or, on and after the Specified AV Minerals Joinder Date, AV Minerals\)](#) or [any of its](#) Subsidiaries from time to time concerning or relating to bribery or corruption including the Corruption of Foreign Public Officials Act (Canada) (collectively, “Anti-Corruption Laws”). “Sanctioned Country” means, at any time, a country or territory which is itself, or whose government is, the subject or target of any Sanctions. “Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the

U.S. Department of State or by the United Nations Security Council, the European Union, [Her Majesty's Treasury of the United Kingdom](#), any EU member state or the Commonwealth of Australia, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons. "Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, Her Majesty's Treasury of the United Kingdom ~~or~~, the Commonwealth of Australia or Singapore.

The Designated Company has implemented and maintains in effect policies and procedures designed to ensure compliance by the Designated Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

Section 3.23 Location of Material Inventory and Equipment. Schedule 3.24 sets forth as of the Effective Date all locations where the aggregate value of Inventory and Equipment (other than mobile Equipment or Inventory in transit) owned by the Loan Parties at each such location exceeds \$1,000,000.

Section 3.24 Senior Notes; Material Indebtedness. The Obligations constitute "Senior Debt" or "Designated Senior Indebtedness" (or any other defined term having a similar purpose) within the meaning of the Senior Note Documents (and any Permitted Refinancings thereof permitted under Section 6.01 other than refinancings with Incremental Term Loans). The Commitments and the Loans and other extensions of credit under the Loan Documents constitute "Credit Facilities" (or any other defined term having a similar purpose) or liabilities payable under the documentation related to "Credit Facilities" (or any other defined term having a similar purpose), in each case, within the meaning of the Senior Note Documents (and any Permitted Refinancings thereof permitted under Section 6.01 other than refinancings with Incremental Term Loans). The consummation of each of (i) the Transactions, (ii) each incurrence of Indebtedness hereunder and (iii) the granting of the Liens provided for under the Security Documents to secure the Secured Obligations is permitted under, and, in each case, does not require any consent or approval under, the terms of (A) the Senior Note Documents (and any Permitted Refinancings thereof), the Revolving Credit Loan Documents (and any Permitted Revolving Credit Facility Refinancings thereof) or any other Material Indebtedness or (B) any other material agreement or instrument binding upon any Company or any of its property except, in the case of this clause (B), as could not reasonably be expected to result in a Material Adverse Effect.

Section 3.25 Centre of Main Interests and Establishments. For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "Regulation") (or, after June 26, 2017, Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (recast) (the "New Regulation")), (i) the centre of main interest (as that term is used in Article 3(1) of the Regulation) of each U.K. Guarantor is situated in England and Wales, (ii) the centre of main interest of Irish Guarantor is situated in Ireland or Germany, and it has no "establishment" (as that term is used in Article 2(h) of the Regulation or Article 2(10) of the New Regulation, as applicable) in any jurisdiction other than Ireland or Germany, (iii) the centre of main interest of each Swiss Guarantor is situated in Switzerland, and in each case each has no "establishment" (as that term is used in Article 2(h) of

the Regulation or Article 2(10) of the New Regulation, as applicable) in any other jurisdiction, (iv) the centre of main interest of German Seller is situated in Germany, (v) the centre of main interest of each Dutch Guarantor is situated in the Netherlands, and in each case each has no “establishment” (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction, (vi) the centre of main interest of each French Guarantor is situated in France, and in each case each has no “establishment” (as that term is used in Article 2(h) of the Regulation or Article 2(10) of the New Regulation, as applicable) in any other jurisdiction, (vii) the centre of main interest of each Belgian Guarantor is situated in Belgium, and in each case each has no “establishment” (as such term is used in Article 2(h) of the regulation) in any other jurisdiction, and (viii) other than as provided in paragraph (ii) above, no Guarantor (to the extent such Guarantor is subject to the Regulation) shall have a centre of main interest other than as situated in its jurisdiction of incorporation.

Section 3.26 Holding and Dormant Companies. Except as may arise under the Loan Documents, the Revolving Credit Loan Documents, any Third Lien Credit Agreement, any Permitted Holdings Indebtedness, (in the case of Novelis Europe Holdings Limited) the Senior Notes, any Permitted First Priority Refinancing Debt, any Permitted Second Priority Refinancing Debt, any Permitted Unsecured Refinancing Debt, the Permitted Short Term Indebtedness, or Indebtedness incurred pursuant to Section 6.01(l) or (u), neither Holdings (nor, on and after the Specified AV Minerals Joinder Date, AV Minerals) nor Novelis Europe Holdings Limited or has any liabilities or commitments (actual or contingent, present or future) other than liabilities attributable or incidental to acting as a holding company of shares in the Equity Interests of its Subsidiaries.

Section 3.27 Excluded Collateral Subsidiaries. The Excluded Collateral Subsidiaries as of the Effective Date are listed on Schedule 1.01(c).

Section 3.28 EEA Financial Institutions. No Loan Party is an EEA Financial Institution.

Section 3.29 Federal Power Act; Etc. No Loan Party nor any of its Subsidiaries is subject to regulation under the Federal Power Act, the Interstate Commerce Act or, to the knowledge of such Loan Party, under any other federal or state statute or regulation, in each case, to the extent such regulation would prohibit it from incurring the Obligations or which would otherwise render all or any of the Obligations unenforceable.

Section 3.30 Beneficial Ownership Certification. As of the Second Amendment Effective Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

Section 3.31 No Fiscal Unity. No Company is a member of a fiscal unity for VAT, corporate income tax or any other tax purposes, except for a fiscal unity for VAT or corporate income tax purposes consisting solely of Loan Parties.

ARTICLE IV

CONDITIONS TO CREDIT EXTENSIONS

Section 4.01 Conditions to the Effective Date. The effectiveness of this Agreement shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 4.01.

(a) Credit Agreement; Certain Foreign Guarantees. The Administrative Agent shall have received executed counterparts of (i) this Agreement, properly executed by an authorized signatory of each applicable signing Loan Party, and (ii) Foreign Guarantees from the Loan Parties organized under the laws of Canada, France, Switzerland, and the Dubai International Financial Centre, properly executed by an authorized signatory of each such signing Loan Party, in the case of clauses (i) and (ii), in form and substance reasonably satisfactory to the Administrative Agent and each of the Lenders.

(b) Initial Borrowing Request. The Administrative Agent shall have received a Borrowing Request as required by Section 2.03.

(c) Corporate Documents. The Administrative Agent shall have received:

(i) a certificate of the secretary, assistant secretary or managing director (where applicable) of each Loan Party dated the Effective Date, certifying (A) that attached thereto is a true and complete copy of each Organizational Document (or its equivalent including the constitutional documents) of such Loan Party certified (to the extent customary in the applicable jurisdiction) as of a recent date by the Secretary of State (or equivalent Governmental Authority) of the jurisdiction of its organization, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors and/or shareholders, as applicable, of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions, or any other document attached thereto, have not been modified, rescinded, amended or superseded and are in full force and effect, (C) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party (together with a certificate of another officer as to the incumbency and specimen signature of the secretary, assistant secretary or managing director executing the certificate in this clause (i) (to the extent customary in the applicable jurisdiction), and other customary evidence of incumbency) and (D) that the borrowing, guarantee, or granting of Liens with respect to the Loans or any of the other Secured Obligations would not cause any

borrowing, guarantee, security or similar limit binding on such Loan Party to be exceeded;

(ii) a certificate as to the good standing (where applicable, or such other customary functionally equivalent certificates or abstracts) of each Loan Party (in so-called “long-form” if available) as of a recent date, from such Secretary of State (or other applicable Governmental Authority);

(iii) evidence that the records of the applicable Loan Parties at the United Kingdom Companies House and each other relevant registrar of companies (or equivalent Governmental Authority) in the respective jurisdictions of organization of the Loan Parties are accurate, complete and up to date and that the latest relevant accounts have been duly filed, where applicable;

(iv) a copy of the constitutional documents of any Person incorporated in Ireland whose shares are (or, pursuant to Section 4.02 or Section 5.15, will be) subject to security under any Security Document, together with any resolutions of the shareholders of such Person adopting such changes to the constitutional documents of that Person to remove any restriction on any transfer of shares or partnership interests (or equivalent) in such Person pursuant to any enforcement of any such Security Document;

(v) [intentionally omitted];

(vi) a written resolution of the shareholders of each Irish Guarantor authorising and approving the terms of, and the performance by each such Irish Guarantor of its obligations under, each of the Loan Documents to which each such Irish Guarantor is to be a party;

(vii) up-to date certified copy of the constitutional documents (e.g., for a German GmbH: Handelsregisterauszug, Gesellschaftsvertrag, Gesellschafterliste) for each German Guarantor; and

(viii) such other documents as the Lenders or the Administrative Agent may reasonably request.

(d) Officers’ Certificate. The Administrative Agent shall have received a certificate, dated the Effective Date and signed by an authorized signatory of the Borrower, certifying (i) compliance with the conditions precedent set forth in this Section 4.01 and Section 4.03(b) and

(c), (ii) that no Default has occurred and is continuing and (iii) that each of the representations and warranties made by any Loan Party set forth in ARTICLE III hereof or in any other Loan Document were true and correct in all material respects on and as of the Effective Date, except to the extent such representations and warranties expressly related to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects as of such earlier date.

(e) Financial Statements; Pro Forma Balance Sheet; Projections. The Administrative Agent shall have received the financial statements described in Section 3.04(a) and for any prior fiscal years or fiscal quarters requested by the Mandated Lead Arrangers, and the pro forma capitalization table described in Section 3.04(c), together with forecasts of the financial performance of the Companies described in Section 3.04(d).

(f) Opinions of Counsel. The Administrative Agent shall have received, on behalf of itself, the Mandated Lead Arrangers and the Lenders, (i) a favorable written opinion of Torys LLP, special counsel for the Loan Parties, and (ii) a favorable written opinion of each local and foreign counsel of the Loan Parties from each jurisdiction in which a Loan Party is organized, in each case (A) dated the Effective Date, (B) addressed to the Agents and the Lenders and (C) covering such matters relating to the Loan Documents delivered on the Effective Date as the Administrative Agent shall reasonably request, including, but not limited to, capacity of each Loan Party to execute, deliver and perform its obligations under each such Loan Document to which it is a party and enforceability of each such Loan Document.

(g) Solvency Certificate. The Administrative Agent shall have received a solvency certificate in the form of Exhibit O (or in such other form as is satisfactory to the Administrative Agent to reflect applicable legal requirements), dated the Effective Date and signed by a senior Financial Officer of each Loan Party or of the Borrower.

(h) Requirements of Law. The Administrative Agent shall be satisfied that Holdings, the Borrower and its Subsidiaries shall be in full compliance with all material Requirements of Law, including Regulations T, U and X of the Board, and shall have received satisfactory evidence of such compliance reasonably requested by them.

(i) Consents. All approvals of Governmental Authorities and third parties necessary to enter into this Agreement shall have been obtained and shall be in full force and effect.

(j) Litigation. There shall be no governmental or judicial action, actual or threatened, that has or would have, singly or in the aggregate, a reasonable likelihood of restraining, preventing or imposing burdensome conditions on the Transactions.

(k) USA Patriot Act. The Lenders shall have received, at least 5 Business Days prior to the Closing Date, all documentation and other information that may be required by the Lenders in order to enable compliance with applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act and the information described in Section 11.13, in each case to the extent requested thereby at least 10 Business Days prior to the Closing Date.

(l) Process Agent. The Administrative Agent and the Collateral Agent shall have received evidence of the acceptance by the Process Agent of its appointment as such by the Loan Parties.

Section 4.02 Conditions to Initial Credit Extension on the Closing Date. The obligation of each Lender to fund the initial Credit Extension requested to be made by it under this Agreement on the Closing Date shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 4.02.

(a) The Agreement Termination Date shall not have occurred.

(b) Loan Documents. The Administrative Agent shall have received executed counterparts of each of the following, properly executed by an authorized signatory of each applicable signing Loan Party, each in form and substance reasonably satisfactory to the Administrative Agent and each of the Lenders:

(i) Each Foreign Guarantee (other than the Foreign Guarantees delivered on the Effective Date);

(ii) an Additional Secured Debt (as defined in the Intercreditor Agreement) designation certificate;

(iii) the Contribution, Intercompany, Contracting and Offset Agreement;

(iv) the Subordination Agreement;

(v) a Note executed by the Borrower in favor of each Lender that has requested a Note prior to the Closing Date;

(vi) each U.S. Security Agreement, each Canadian Security Agreement, each U.K. Security Agreement, each Swiss Security Agreement, each German Security Agreement, each Irish Security Agreement, each Brazilian Security Agreement, each Dubai Security Agreement, each French Security Agreement, and each other Security Document reasonably requested by the Administrative Agent prior to the Closing Date;

(vii) the Perfection Certificates; and

(viii) such amendments to, amendments and restatements of, or confirmations or reaffirmations of, or supplements to, existing Security Documents or other Loan Documents, and such additional Security Document, Loan Documents or other filings or actions, in each case as the Administrative Agent or the Collateral Agent may require in connection with the Transactions.

(c) Corporate Documents. The Administrative Agent shall have received:

(i) a certificate of the secretary, assistant secretary or managing director (where applicable) of each Loan Party dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of each Organizational Document (or its equivalent including the constitutional documents) of such Loan Party certified (to the extent customary in the applicable jurisdiction) as of a recent date by the Secretary of State (or equivalent Governmental Authority) of the jurisdiction of its organization, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors and/or shareholders, as applicable, of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions, or any other document attached thereto, have not been modified, rescinded, amended or superseded and are in full force and effect, (C) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party (together with a certificate of another officer as to the incumbency and specimen signature of the secretary, assistant secretary or managing director executing the certificate in this clause (i) (to the extent customary in the applicable jurisdiction), and other customary evidence of incumbency) and (D) that the borrowing, guarantee, or granting of Liens with respect to the Loans or any of the other Secured Obligations would not cause any borrowing, guarantee, security or similar limit binding on any Loan Party to be exceeded;

(ii) a certificate as to the good standing (where applicable, or such other customary functionally equivalent certificates or abstracts) of each Loan Party (in so-called “long-form” if available) as of a recent date, from such Secretary of State (or other applicable Governmental Authority);

(iii) evidence that the records of the applicable Loan Parties at the United Kingdom Companies House and each other relevant registrar of companies (or equivalent Governmental Authority) in the respective jurisdictions of organization of the Loan Parties are accurate, complete and up to date and that the latest relevant accounts have been duly filed, where applicable;

(iv) a copy of the constitutional documents of any Person incorporated in Ireland whose shares are (or, pursuant to Section 5.15, will be) subject to security under any Security Document, together with any resolutions of the shareholders of such Person adopting such changes to the constitutional documents of that Person to remove any restriction on any transfer of shares or partnership interests (or equivalent) in such Person pursuant to any enforcement of any such Security Document;

(v) a written authorization from each Irish Guarantor and each Relevant External Company, authorizing each solicitor in McCann FitzGerald to sign all required security related registration forms required to be delivered to the Companies Registration Office of Ireland in connection with all or any of the Security Documents;

(vi) a written resolution of the shareholders of each Irish Guarantor authorising and approving the terms of, and the performance by each such Irish Guarantor of its obligations under, each of the Loan Documents to which each such Irish Guarantor is to be a party;

(vii) up-to date certified copy of the constitutional documents (e.g., for a German GmbH: Handelsregisterauszug, Gesellschaftsvertrag, Gesellschafterliste) for each German Guarantor; and

(viii) such other documents as the Lenders or the Administrative Agent may reasonably request.

(d) Officers’ Certificate. The Administrative Agent shall have received a certificate, dated the Closing Date and signed by an authorized signatory of the Borrower, certifying

(i) compliance with the conditions precedent set forth in this Section 4.02 and Section 4.03(b) and (c), (ii) that no Default has occurred and is continuing and (iii) that each of the representations and warranties made by any Loan Party set forth in ARTICLE III hereof or in any other Loan Document were true and correct in all material respects on and as of the Closing Date, except to the extent such representations and warranties expressly related to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects as of such earlier date.

(e) Financings and Other Transactions, etc. The Transactions shall have been consummated or shall be consummated substantially simultaneously on the Closing Date, in each case in all material respects in accordance with the terms hereof and the terms of the Loan Documents, without the waiver or amendment of any such terms not approved by the Administrative Agent and the Mandated Lead Arrangers other than any waiver or amendment thereof that is not materially adverse to the interests of the Lenders.

(f) Indebtedness and Minority Interests. After giving effect to the Transactions and the other transactions contemplated hereby, no Company shall have outstanding any Indebtedness or preferred stock other than (i) the Loans hereunder, (ii) the Revolving Credit Loans and other extensions of credit under the Revolving Credit Agreement, (iii) the Senior Notes, (iv) the Indebtedness listed on Schedule 6.01(b), (v) Indebtedness owed to, and preferred stock held by, the Borrower or any Guarantor to the extent permitted hereunder and (vi) other Indebtedness permitted under Section 6.01.

(g) Opinions of Counsel. The Administrative Agent shall have received, on behalf of itself, the Mandated Lead Arrangers and the Lenders, (i) a favorable written opinion of Torys LLP, special counsel for the Loan Parties, and (ii) a favorable written opinion of each local and foreign counsel of the Loan Parties listed on Schedule 4.02(g), in each case (A) dated the Closing Date, (B) addressed to the Agents and the Lenders and (C) covering such matters relating to the Loan Documents and the Transactions as the Administrative Agent shall reasonably request, including, but not limited to, capacity of each Loan Party to execute, deliver and perform its obligations under each Loan Document to which it is a party and enforceability of each Loan Document.

(h) Solvency Certificate. The Administrative Agent shall have received a solvency certificate in the form of Exhibit O (or in such other form as is satisfactory to the Administrative Agent to reflect applicable legal requirements), dated the Closing Date and signed by a senior Financial Officer of each Loan Party or of the Borrower.

(i) Requirements of Law. The Administrative Agent shall be satisfied that Holdings, the Borrower and its Subsidiaries and the Transactions shall be in full compliance with all material Requirements of Law, including Regulations T, U and X of the Board, and shall have received satisfactory evidence of such compliance reasonably requested by them.

(j) Consents. All approvals of Governmental Authorities and third parties necessary to consummate the Transactions shall have been obtained and shall be in full force and effect.

(k) Litigation. There shall be no governmental or judicial action, actual or threatened, that has or would have, singly or in the aggregate, a reasonable likelihood of restraining, preventing or imposing burdensome conditions on the Transactions.

(l) Fees. The Mandated Lead Arrangers and the Agents shall have received all Fees and other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including the reasonable legal fees and expenses of Skadden, Arps, Slate, Meagher & Flom LLP, special counsel to the Agents, and the reasonable fees and expenses of any local counsel, foreign counsel, appraisers, consultants and other advisors) required to be reimbursed or paid by any Loan Party hereunder or under any other Loan Document.

(m) Personal Property Requirements. The Collateral Agent shall have received:

(i) subject to the terms of the Intercreditor Agreement, all certificates, agreements or instruments, if any, representing or evidencing the Securities Collateral accompanied by instruments of transfer and stock powers undated and endorsed in blank;

(ii) [intentionally omitted];

(iii) [intentionally omitted];

(iv) UCC financing statements in appropriate form for filing under the UCC, filings with the United States Patent and Trademark Office and United States Copyright Office, PPSA filings, and such other documents under applicable Requirements of Law in each jurisdiction as may be necessary or appropriate or, in the opinion of the Collateral Agent, desirable to perfect the Liens created, or purported to be created, by the Security Documents;

(v) certified copies of UCC, United States Patent and Trademark Office and United States Copyright Office, PPSA, tax and judgment lien searches, bankruptcy and pending lawsuit searches or equivalent reports or searches (in jurisdictions where such searches are available), each of a recent date listing all outstanding financing statements, lien notices or comparable documents that name any Loan Party as debtor and that are filed in those state and county (or other applicable) jurisdictions

in which any property of any Loan Party (other than Inventory in transit) is located and the state and county (or other applicable) jurisdictions in which any Loan Party is organized or maintains its principal place of business and such other searches that the Collateral Agent deems necessary or appropriate, none of which are effective to encumber the Collateral covered or intended to be covered by the Security Documents (other than Permitted Liens);

(vi) evidence acceptable to the Collateral Agent of payment or arrangements for payment by the Loan Parties of all applicable recording taxes, fees, charges, costs and expenses required for the recording of the Security Documents;

(vii) evidence that all Liens (other than Permitted Liens) affecting the assets of the Loan Parties have been or will be discharged on or before the Closing Date (or, in the case of financing statement filings or similar notice of lien filings that do not evidence security interests (other than security interests that are discharged on or before the Closing Date), that arrangements with respect to the release or termination thereof satisfactory to the Administrative Agent have been made);

(viii) copies of all notices required to be sent and other documents required to be executed under the Security Documents;

(ix) all share certificates, duly executed and stamped stock transfer forms and other documents of title required to be provided under the Security Documents; and

(x) evidence that the records of each U.K. Guarantor at the United Kingdom Companies House are accurate, complete and up to date and that the latest relevant accounts have been duly filed.

(n) Lender FATCA Compliance Certifications. The Administrative Agent shall have received a U.S. tax withholding certificate (or, alternatively, other evidence satisfactory to the Administrative Agent) confirming FATCA compliance from each Lender pursuant to paragraph (v) of Section 2.15(f) (FATCA Information). For the avoidance of doubt, and pursuant to paragraph (viii) of Section 2.15(f) (FATCA Information), the Administrative Agent may rely on such U.S. tax withholding certificate or other evidence from each Lender without further verification, and the Administrative Agent shall not be liable for any action taken by it in respect of such U.S. tax withholding certificate or other evidence under or in connection with paragraph (v), (vi) or (vii) of Section 2.15(f) (FATCA Information).

Notwithstanding the foregoing, to the extent that the execution and delivery of any document or the completion of any task or action is listed on Schedule 5.15, such item shall not be a condition precedent and shall instead be subject to Section 5.15.

Section 4.03 Conditions to Credit Extensions. The obligation of each Lender to make the initial Credit Extension on the Closing Date, and, except as otherwise provided in the applicable Refinancing Amendment, Increase Joinder or Aleris Increase Joinder Agreement, the obligation of any Lenders to make the initial Credit Extension under any Incremental Term Loan Commitments or Other Term Loan Commitments, shall be subject to, and to the satisfaction of, each of the conditions precedent set forth below.

(a) Notice. The Administrative Agent shall have received a Borrowing Request as required by Section 2.03 (or such notice shall have been deemed given in accordance with Section 2.03).

(b) No Default. No Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds therefrom.

(c) Representations and Warranties. Each of the representations and warranties made by any Loan Party set forth in ARTICLE III hereof or in any other Loan Document (other than Hedging Agreements) shall be true and correct in all material respects on and as of the date of such Credit Extension with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects as of such earlier date.

(d) No Legal Bar. With respect to each Lender, no order, judgment or decree of any Governmental Authority shall purport to restrain such Lender from making any Loans to be made by it. No injunction or other restraining order shall have been issued, shall be pending or noticed with respect to any action, suit or proceeding seeking to enjoin or otherwise prevent the consummation of, or to recover any damages or obtain relief as a result of, the transactions contemplated by this Agreement or the making of Loans hereunder.

Each of the delivery of a Borrowing Request and the acceptance by the applicable Co-Borrower of the proceeds of such Credit Extension shall constitute a representation and warranty by the applicable Co-Borrower and each other Loan Party that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the conditions contained in Section 4.03(b) through (d) have been satisfied (which representation and warranty shall be deemed limited to the knowledge of the Loan Parties in the case of the first sentence of Section 4.03(d)). The Co-Borrowers shall provide such information as the Administrative Agent may reasonably request to confirm that the conditions in Section 4.03(b) through (d) have been satisfied.

Section 4.04 Conditions to Aleris Incremental Term Loans. The obligation of each Aleris Incremental Term Lender to make the Aleris Incremental Term Loans on the Aleris Incremental Funding Date shall be subject to, and to the satisfaction of, each of the conditions precedent set forth in Section 5 of the Aleris Increase Joinder Amendment.

ARTICLE V

AFFIRMATIVE COVENANTS

Each Loan Party warrants, covenants and agrees with each Lender that, from and after the Closing Date, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full, unless the Required Lenders shall otherwise consent in writing, each Loan Party will, and will cause each of its Restricted Subsidiaries to:

Section 5.01 Financial Statements, Reports, etc. Furnish to the Administrative Agent (and the Administrative Agent shall make available to the Lenders, on the Platform or otherwise, in accordance with its customary procedures):

(a) Annual Reports. As soon as available and in any event within the earlier of (i) ninety (90) days and (ii) such shorter period as may be required by the Securities and Exchange Commission (including, if applicable, any extension permitted under Rule 12b-25 of the Exchange Act), after the end of each fiscal year (and in any case not less than one time in each calendar year), beginning with the first fiscal year ending after the Closing Date, (i) the consolidated balance sheet of the Designated Company as of the end of such fiscal year and related consolidated statements of income, cash flows and stockholders' equity for such fiscal year, in comparative form with such financial statements as of the end of, and for, the preceding fiscal year, and notes thereto, all prepared in accordance with Regulation S-X and accompanied by an opinion of independent certified public accountants of recognized international standing (which opinion shall not be qualified as to scope or contain any going concern qualification, paragraph of emphasis or explanatory statement), stating that such financial statements fairly present, in all material respects, the consolidated financial condition, results of operations and cash flows of the Designated Company as of the dates and for the periods specified in accordance with US GAAP, (ii) a narrative report and management's discussion and analysis, in a form reasonably satisfactory to the Administrative Agent, of the financial condition and results of operations of the Designated Company for such fiscal year, as compared to amounts for the previous fiscal year (it being understood that the information required by clauses (i) and (ii) of this Section 5.01(a) may be furnished in the form of a Form 10-K (so long as the financial statements, narrative report and management's discussion therein comply with the requirements set forth above)) and (iii) consolidating balance sheets, statements of income and cash flows of the Designated Company and its Restricted Subsidiaries separating out the results by region;

(b) Quarterly Reports. As soon as available and in any event within the earlier of (i) forty-five (45) days and (ii) such shorter period as may be required by the Securities and Exchange Commission (including, if applicable, any extension permitted under Rule 12b-25 of the Exchange Act), after the end of each of the first three fiscal quarters of each fiscal year (i) the consolidated balance sheet of the Designated Company as of the end of such fiscal quarter and related consolidated statements of income and cash flows for such fiscal quarter and for the then elapsed portion of the fiscal year, in comparative form with the consolidated statements of income and cash flows for the comparable periods in the previous fiscal year, and notes thereto, all prepared in accordance with Regulation S-X under the Securities Act and accompanied by a certificate of a Financial Officer stating that such financial statements fairly present, in all material respects, the consolidated financial condition, results of operations and cash flows of the Designated Company as of the date and for the periods specified in accordance with US GAAP consistently applied, and on a basis consistent with audited financial statements referred to in clause (a) of this Section, except as otherwise disclosed therein and subject to the absence of footnote disclosures and to normal year-end audit adjustments, (ii) a narrative report and management's discussion and analysis, in a form reasonably satisfactory to the Administrative Agent, of the financial condition and results of operations for such fiscal quarter and the then elapsed portion of the fiscal year, as compared to the comparable periods in the previous fiscal year (it being understood that the information required by clauses (i) and (ii) of this Section 5.01(b) may be furnished in the form of a Form 10-Q (so long as the financial statements, management report and management's discussion therein comply with the requirements set forth above)) and (iii) consolidating balance sheets, statements of income and cash flows of the Designated Company and its Restricted Subsidiaries separating out the results by region;

(c) [Intentionally Omitted];

(d) Financial Officer's Certificate. (i) Concurrently with any delivery of financial statements under Section 5.01(a) or (b), a Compliance Certificate of the Designated Company (which delivery may, unless the Administrative Agent or a Lender requests executed originals, be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes) (A) certifying that no Default has occurred or, if such a Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (B) concurrently with any delivery of financial statements under Section 5.01(a) above (commencing with the financial statements for the first complete fiscal year of the Designated Company beginning after the Closing Date), setting forth the Designated Company's calculation of Excess Cash Flow, (C) showing a reconciliation of Consolidated EBITDA to the net income set forth on the statement of income, such reconciliation to be on a quarterly basis, (D) calculating in reasonable detail the Consolidated Interest Coverage Ratio and the Senior Secured Net Leverage Ratio for the four fiscal quarter period ended on the last day of the period covered by such financial statements, and certifying as to the Designated Company's compliance (or failure to comply) with the Financial Performance Covenant for the four fiscal quarter period ended on the last day of the period covered by such financial statements, and, if such Compliance Certificate demonstrates an Event of Default of the Financial Performance Covenant, any of the Specified Holders may deliver, together with such Compliance Certificate, notice of their intent to cure (a "Notice of Intent to Cure") such Event of Default pursuant to, and

to the extent permitted under, Section 8.04; provided that the delivery of a Notice of Intent to Cure shall in no way affect or alter the occurrence, existence or continuation of any such Event of Default or the rights, benefits, powers and remedies of the Administrative Agent and the Lenders under any Loan Document, and (E)(x) specifying all Investments made during the prior fiscal quarter in reliance on Section 6.04(r) and specifying which clause of Section 6.04(r) such Investment was made pursuant to and calculating in reasonable detail the amount of the Cumulative Credit or Annual Credit, as applicable, immediately prior to such election and the amount thereof elected to be so applied, the Total Net Leverage Ratio and, in the case of Investments made pursuant to Section 6.04(r)(iii), the amount of Liquidity, (y) specifying all Dividends made during the prior fiscal quarter in reliance on Section 6.08(d) and specifying which clause of Section 6.08(d) such Dividend was made pursuant to and calculating in reasonable detail the amount of the Cumulative Credit or Annual Credit, as applicable, immediately prior to such election and the amount thereof elected to be so applied, the Total Net Leverage Ratio and, in the case of Dividends made pursuant to Section 6.08(d)(ii), the amount of Liquidity, and (z) specifying all Permitted Prepayments made during the prior fiscal quarter in reliance on Section 6.11(a) and specifying which clause of Section 6.11(a) such Permitted Prepayment was made pursuant to and calculating in reasonable detail the amount of the Cumulative Credit or Annual Credit, as applicable, immediately prior to such election and the amount thereof elected to be so applied, the Total Net Leverage Ratio and, in the case of a Permitted Prepayment made pursuant to Section 6.11(a)(i)(z)(2), the amount of Liquidity, and (ii) to the extent any Unrestricted Subsidiaries are in existence during the period covered by such financial statements, consolidating balance sheets, statements of income and cash flows separating out the results of the Designated Company and its Restricted Subsidiaries, on the one hand, and the Unrestricted Subsidiaries, on the other;

(e) Officer's Certificate Regarding Organizational Chart and Perfection of Collateral. Concurrently with any delivery of financial statements under Section 5.01(a), a certificate of a Responsible Officer of the Designated Company (which delivery may, unless the Administrative Agent or a Lender requests executed originals, be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes) attaching an accurate organizational chart (or confirming that there has been no change in organizational structure) and otherwise setting forth the information required pursuant to the Perfection Certificate Supplement or confirming that there has been no change in such information since the date of the Perfection Certificate or latest Perfection Certificate Supplement;

(f) Public Reports. Promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by any Loan Party with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, with any national U.S. or non-U.S. securities regulatory authority or securities exchange or with the National Association of Securities Dealers, Inc., or distributed to holders of its publicly held Indebtedness or securities pursuant to the terms of the documentation governing such Indebtedness or securities (or any trustee, agent or other representative therefor), as the case may be; provided that documents required to be delivered pursuant to this clause (f) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Designated Company posts such documents, or provides a link thereto on the Designated Company's website (or other location specified by the

Designated Company) on the Internet; or (ii) on which such documents are posted on the Designated Company's behalf on the Platform; provided that: (i) upon written request by the Administrative Agent, the Designated Company shall deliver paper copies of such documents to the Administrative Agent for further distribution to each Lender until a written request to cease delivering paper copies is given by the Administrative Agent and (ii) the Designated Company shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents;

(g) Management Letters. Promptly after the receipt thereof by any Company, a copy of any "management letter", exception report or other similar letter or report received by any such person from its certified public accountants and the management's responses thereto;

(h) Projections. Within sixty (60) days of the end of each fiscal year (beginning with the fiscal year ended March 31, 2017), a copy of the annual projections for the Designated Company (including balance sheets, statements of income and sources and uses of cash), for each quarter of the then-current fiscal year prepared in detail on a consolidated basis, with appropriate presentation and discussion of the principal assumptions upon which such forecasts are based, accompanied by the statement of a Financial Officer of the Designated Company to the effect that such assumptions are believed to be reasonable;

(i) Labor Relations. Promptly after becoming aware of the same, written notice of (a) any labor dispute to which any Loan Party or any of its Restricted Subsidiaries is or is expected to become a party, including any strikes, lockouts or other labor disputes relating to any of such person's plants and other facilities, which could reasonably be expected to result in a Material Adverse Effect, (b) any Worker Adjustment and Retraining Notification Act or related liability incurred with respect to the closing of any plant or other facility of any such person and (c) any material liability under Requirements of Law similar to the Worker Adjustment and Retraining Notification Act or otherwise arising out of plant closings;

(j) Asset Sales. On or prior to an Asset Sale pursuant to Section 6.06(b) hereof the Net Cash Proceeds of which (or the Dollar Equivalent thereof) are anticipated to exceed \$100,000,000, written notice (a) describing such Asset Sale or the nature and material terms and conditions of such transaction and (b) stating the estimated Net Cash Proceeds anticipated to be received by any Loan Party or any of its Restricted Subsidiaries; and

(k) Other Information. Promptly, from time to time, such other information regarding the operations, properties, business affairs and condition (financial or otherwise) of any Company, or compliance with the terms of any Loan Document, or matters regarding the Collateral as the Administrative Agent or any Lender (acting through the Administrative Agent) may reasonably request, including, but not limited to, all documentation and other information that may be required from time to time by the Lenders or the Administrative Agent in order to enable compliance with

applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act and the information described in Section 11.13.

(l) Beneficial Ownership Information. Promptly following any request therefor, provide information and documentation reasonably requested by any Agent or any Lender for purposes of compliance with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act and the Beneficial Ownership Regulation.

Section 5.02 Litigation and Other Notices. Furnish to the Administrative Agent written notice of the following promptly (and, in any event, within ten (10) Business Days after acquiring knowledge thereof, or, in the case of an Event of Default under Section 8.01(a), on the Business Day that a Loan Party acquires knowledge thereof):

(a) any Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written notice of intention of any person to file or commence, any action, suit, litigation or proceeding, whether at law or in equity by or before any Governmental Authority, (i) against the Designated Company or other Company that in the reasonable judgment of the Designated Company could reasonably be expected to result in a Material Adverse Effect if adversely determined or (ii) with respect to any Loan Document;

(c) any development that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect;

(d) the occurrence of a Casualty Event involving a Dollar Equivalent amount in excess of \$50,000,000; and

(e) (i) the incurrence of any Lien (other than Permitted Liens) on the Collateral or (ii) the occurrence of any other event which could reasonably be expected to be material with regard to (x) the Revolving Credit Priority Collateral, taken as a whole, or (y) the Pari Passu Priority Collateral, taken as a whole.

Section 5.03 Existence; Businesses and Properties.

(a) Do or cause to be done all things reasonably necessary to preserve, renew and keep in full force and effect its legal existence, rights and franchises necessary or desirable in the normal conduct of its business, except (i) other than with respect to each Co-Borrower’s legal existence, to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect or (ii) pursuant to a transaction permitted by Section 6.05 or Section 6.06.

(b) Do or cause to be done all things reasonably necessary to obtain, maintain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, privileges, franchises, approvals, authorizations, and Intellectual Property used or necessary to the conduct of its business, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect; do or cause to be done all things reasonably necessary to preserve its business and the goodwill and business of the customers, advertisers, suppliers and others having business relations with each Loan Party or any of its Restricted Subsidiaries, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect; comply with all applicable Requirements of Law ([in the case of the U.S. Hold Separate Assets, as such Requirements of Law may be modified pursuant to the U.S. Hold Separate Agreements](#)) (including any and all zoning, building, Environmental Law, ordinance, code or approval or any building permits or any restrictions of record or agreements affecting the Real Property), contractual obligations, and decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted, except where the failure to comply, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; and at all times maintain, preserve and protect all of its property and keep such property in good repair, working order and condition (other than wear and tear occurring in the ordinary course of business) and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto reasonably necessary in order that the business carried on in connection therewith may be properly conducted at all times, except in each case where the failure to do so could not reasonably be expected to result in a Material Adverse Effect. Maintain in effect and enforce policies and procedures designed to ensure compliance by Holdings ([and, on and after the Specified AV Minerals Joinder Date, AV Minerals](#)), the Designated Company, their respective Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

Section 5.04 Insurance.

(a) Generally. Keep its insurable property adequately insured at all times by financially sound and reputable insurers; maintain such other insurance, to such extent and against such risks as is customary with companies in the same or similar businesses operating in the same or similar locations, including insurance with respect to Mortgaged Properties and other properties material to the business of the Companies against such casualties and contingencies and of such types and in such amounts with such deductibles as is customary in the case of similar businesses operating in the same or similar locations, including (i) physical hazard insurance on an “all risk” basis (subject to usual and customary exclusions), (ii) commercial general liability against claims for bodily injury, death or property damage covering any and all insurable claims, (iii) explosion insurance in respect of any boilers, machinery or similar apparatus constituting Collateral, (iv) business interruption insurance and, with respect to Mortgaged Properties located in the United States or in any other jurisdiction requiring such insurance, flood insurance (to the extent such flood insurance is required under clause (c) below), and (v) worker’s compensation insurance and such other insurance as may be required by any Requirement of Law; provided that the Collateral Agent shall be permitted to control the adjustment of any claim thereunder with respect to Pari Passu Priority Collateral involving an amount in excess of \$30,000,000 thereunder after the occurrence and during the continuance of an Event of Default.

(b) Requirements of Insurance. Subject to Section 5.15, all such property and liability insurance maintained by the Loan Parties shall (i) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt by the Collateral Agent of written notice thereof, (ii) name the Collateral Agent as mortgagee, lender's loss payable or additional insured, as applicable (in the case of property insurance) or additional insured on behalf of the Secured Parties (in the case of liability insurance), as applicable, and (iii) if reasonably requested by the Collateral Agent, include a breach of warranty clause, provided that the foregoing clauses (i) through (iii) shall not apply to Aleris and its subsidiaries until the date that is 30 days after the Aleris Acquisition Closing Date (or such later date agreed by the Collateral Agent).

(c) Flood Insurance. Subject to Section 5.15, except to the extent already obtained in accordance with clause (iv) of Section 5.04(a), with respect to each Mortgaged Property located in the United States or another jurisdiction which requires such type of insurance, promptly notify the Administrative Agent, obtain flood insurance in such total amount as is from time to time in scope and substance consistent with market practice and applicable Requirements of Law and Flood Insurance Laws, if at any time the area in which any improvements located on any Mortgaged Property is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), and such insurance is required to be obtained pursuant to the requirements of the ~~National Flood Insurance Act of 1968~~ Laws, as amended from time to time, ~~or the Flood Disaster Protection Act of 1973, as amended from time to time.~~ Unless the Borrower, the Administrative Agent and the Required Lenders otherwise agree that the Mortgaged Property can continue to be provided under Section 5.11, the Mortgage relating to such Property which is in a special flood hazard area will be released pursuant to Section 11.29.

(d) Broker's Report. As soon as practicable and in any event within ninety (90) days after the end of each fiscal year, deliver to the Administrative Agent and the Collateral Agent (i) a report of a reputable insurance broker with respect to the insurance maintained pursuant to clauses (i)-(iv) of Section 5.04(a) in form and substance consistent with market practice (together with such additional reports (provided such reports are readily ascertainable) as the Administrative Agent or the Collateral Agent may reasonably request), and (ii) such broker's statement that all premiums then due and payable with respect to the coverage maintained pursuant to clauses (i)-(iv) of Section 5.04(a) have been paid and confirming, with respect to any property, physical hazard or liability insurance maintained by a Loan Party, that, subject to Section 5.15, the Collateral Agent has been named as mortgagee, lender's loss payable or additional insured, as applicable.

(e) Mortgaged Properties. Subject to Section 5.15, each Loan Party shall comply in all material respects with all Insurance Requirements in respect of each Mortgaged Property; provided, however, that each Loan Party may, at its own expense and after written notice to the Administrative Agent, (i) contest the applicability or enforceability of any such Insurance Requirements by appropriate legal proceedings, the prosecution of which does not constitute a basis for cancellation or revocation of any insurance coverage required under this Section 5.04 or

(ii) cause the Insurance Policy containing any such Insurance Requirement to be replaced by a new policy complying with the provisions of this Section 5.04.

Section 5.05 Taxes.

(a) Payment of Taxes. Pay and discharge promptly when due all material Taxes and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, services, materials and supplies or otherwise that, if unpaid, might give rise to a Lien other than a Permitted Lien upon such properties or any part thereof; provided that such payment and discharge shall not be required with respect to any such Tax, charge, levy or claim so long as (x) the validity or amount thereof shall be contested in good faith by appropriate proceedings timely instituted and diligently conducted and the applicable Company shall have set aside on its books adequate reserves or other appropriate provisions with respect thereto in accordance with US GAAP (or other applicable accounting rules), and (y) such contest operates to suspend collection of the contested obligation, Tax or charge and enforcement of a Lien other than a Permitted Lien.

(b) Filing of Tax Returns. Timely file all material Tax Returns required by applicable Requirements of Law to be filed by it.

(c) Aleris Co-Borrower Status. Each Co-Borrower under the Aleris Incremental Term Loans shall be a domestic corporation as defined in Section 7701(a)(30)(C) of the Code (or a limited liability company that is disregarded as an entity separate from its owner for United States federal income tax purposes and wholly owned by a domestic corporation).

(d) Indemnified Taxes. To the extent any payment by or on account of any obligation of any Loan Party hereunder, or under any other Loan Document, in respect of the Aleris Incremental Term Loans becomes subject to any withholding Taxes other than U.S. federal withholding Taxes as a result of any action by any Co-Borrower after the Aleris Incremental Funding Date that shall cause such Co-Borrower under the Tax laws of any jurisdiction other than the United States (or any state of the United States or the District of Columbia or political subdivision thereof) to be a resident of or to have an establishment, office, fixed base or branch in such jurisdiction, such non-U.S. federal withholding Taxes shall be Indemnified Taxes and the Loan Parties shall indemnify each Lender for any such non-U.S. federal withholding Taxes in accordance with Section 2.15, but only to the extent that such non-U.S. federal withholding Taxes are not described in any of clauses (b)(i), (b)(iii) and (b)(iv) of the definition of Excluded Taxes.

Section 5.06 Employee Benefits.

(a) Comply with the applicable provisions of ERISA and the Code and any Requirements of Law applicable to any Foreign Plan or Compensation Plan, except where any non-compliance could not reasonably be expected to result in a Material Adverse Effect.

(b) Furnish to the Administrative Agent (x) as soon as possible after, and in any event within five (5) Business Days after any Responsible Officer of any Company or any ERISA Affiliates of any Company knows that, any ERISA Event has occurred, a statement of a Financial Officer of the Designated Company setting forth details as to such ERISA Event and the action, if any, that the Companies propose to take with respect thereto, and (y) upon request by the Administrative Agent, copies of such other documents or governmental reports or filings relating to any Plan (or Foreign Plan, or other employee benefit plan sponsored or contributed to by any Company) as the Administrative Agent shall reasonably request.

(c) (i) Ensure that the Novelis U.K. Pension Plan is funded in accordance with the agreed schedule of contributions dated May 16, 2007 and that no action or omission is taken by any Company in relation to such a pension scheme which has or is reasonably likely to have a Material Adverse Effect; (ii) except for any existing defined benefit pension schemes as specified on Schedule 3.17 ensure that no Company is or has been at any time an employer (for the purposes of Sections 38 to 51 of the Pensions Act 2004) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pension Schemes Act 1993) or “connected” with or an “associate” of (as those terms are defined in Sections 39 or 43 of the Pensions Act 2004) such an employer; (iii) deliver to the Administrative Agent upon request as those reports are prepared in order to comply with the then current statutory or auditing requirements (as applicable either to the trustees of any relevant schemes), actuarial reports in relation to all pension schemes mentioned in clause (i) above; (iv) promptly notify the Administrative Agent of any material change in the agreed rate of contributions to any pension schemes mentioned in clause (i) above; (v) promptly notify the Administrative Agent of any investigation or proposed investigation by the Pensions Regulator which may lead to the issue of a Financial Support Direction or a Contribution Notice to any member of the Group; and (vi) promptly notify the Administrative Agent if it receives a Financial Support Direction or a Contribution Notice from the Pensions Regulator.

(d) Ensure that all Foreign Plans (except the Novelis U.K. Pension Plan) and Compensation Plans that are required to be funded are funded and contributed to in accordance with their terms to the extent of all Requirements of Law, except where any non-compliance could not reasonably be expected to result in a Material Adverse Effect.

Section 5.07 Maintaining Records; Access to Properties and Inspections; Annual Meetings. Keep proper books of record and account in which full, true and correct entries in conformity in all material respects with GAAP (or other applicable accounting standards) and all Requirements of Law of all financial transactions and the assets and business of each Company and its Restricted Subsidiaries are made of all dealings and transactions in relation to its business and activities, including, without limitation, proper records of intercompany ~~transactions~~ transaction, with full, true and correct entries reflecting all payments received and paid (including, without limitation, funds received by or for the account of any Loan Party from deposit accounts of the other Companies). Each Company will permit any representatives designated by the Administrative Agent (who may be accompanied by any Agent or Lender) to visit and inspect the financial records and the property of such Company on no more than on two occasions per fiscal year so long as no Event of Default is continuing (at reasonable intervals, during normal business hours and within five Business Days after written notification of the same to the Designated Company, except that,

during the continuance of an Event of Default, none of such restrictions shall be applicable) and to make extracts from and copies of such financial records, and permit any representatives designated by the Administrative Agent (who may be accompanied by any Agent or Lender) to discuss the affairs, finances, accounts and condition of any Company with the officers and employees thereof and advisors therefor (including independent accountants).

Section 5.08 Use of Proceeds. Use the proceeds of the Loans only for the purposes set forth in Section 3.12.

Section 5.09 Compliance with Environmental Laws; Environmental Reports.

(a) Comply, and cause all lessees and other persons occupying Real Property owned, operated or leased by any Company to comply, in all respects with all Environmental Laws and Environmental Permits applicable to its operations and Real Property; obtain and renew all Environmental Permits applicable to its operations and Real Property; and conduct all Responses, including any emergency Response, required by, and in accordance with, Environmental Laws, in each case, to the extent that the failure to do so could reasonably be expected to have a Material Adverse Effect; provided that no Company shall be required to undertake any Response to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with US GAAP or other applicable accounting standards.

(b) If a Default caused by reason of a breach of Section 3.18 or Section 5.09(a) shall have occurred and be continuing for more than thirty (30) days without the Companies commencing activities reasonably likely to cure such Default in accordance with Environmental Laws, at the written request of the Administrative Agent or the Required Lenders through the Administrative Agent, provide to the Lenders as soon as reasonably practicable after such request, at the expense of the Co-Borrowers, an environmental assessment report and/or corrective plan, as applicable, regarding the matters which are the subject of such Default, including, where appropriate, soil and/or groundwater sampling, prepared by an environmental consulting firm and, in form and substance, reasonably acceptable to the Administrative Agent and indicating the presence or absence of Hazardous Materials and the estimated cost of any compliance or Response to address them and any other corrective measures necessary to achieve compliance with Environmental Laws or cure such Default.

Section 5.10 [INTENTIONALLY OMITTED].

Section 5.11 Additional Collateral; Additional Guarantors.

(a) Subject to the terms of the Intercreditor Agreement and this Section 5.11, with respect to (1) any property acquired after the Closing Date by any Loan Party that is intended to be subject to the Lien created by any of the Security Documents but is not so subject, including in connection with any step of the Permitted Reorganization, any Permitted Reorganization Action, any Permitted Aleris Foreign Subsidiary Transfer, and any Person becoming a Specified Aleris Subsidiary, and (2) any property that was Excluded Property but, as of the end of the most recently

ended fiscal quarter or in connection with any step of the Permitted Reorganization, any Permitted Reorganization Action, any Permitted Aleris Foreign Subsidiary Transfer, ~~and/or~~ any Person becoming a Specified Aleris Subsidiary, has ceased to be Excluded Property, promptly (and in any event ~~(xw)~~ in the case of newly acquired property, within thirty (30) days after the acquisition thereof ~~or~~, (x) in the case of property that was Excluded Property as a result of the U.S. Hold Separate Order or any U.S. Hold Separate Agreement, within thirty (30) days after the date such property ceases to be Excluded Property, (y) in the case of any other property that was Excluded Property, within thirty (30) days after the end of fiscal quarter in which such property ceases to be Excluded Property; provided that, in the case of clauses (w) through (y), the Administrative Agent may agree to an extension thereof, or (yz) immediately in connection with the applicable step(s) of the Permitted Reorganization, the applicable Permitted Reorganization Action, the applicable Permitted Aleris Foreign Subsidiary Transfer, or any Person becoming a Specified Aleris Subsidiary) (i) execute and deliver to the Administrative Agent and the Collateral Agent such amendments or supplements to the relevant Security Documents or such other documents as the Administrative Agent or the Collateral Agent shall deem necessary or advisable to grant to the Collateral Agent, for its benefit and for the benefit of the other Secured Parties, a First Priority Lien on such property subject to no Liens other than Permitted Liens, and (ii) take all actions necessary to cause such Lien to be duly perfected to the extent required by such Security Document in accordance with all applicable Requirements of Law, including the filing of financing statements (or other applicable filings) in such jurisdictions as may be reasonably requested by the Administrative Agent; provided that, ~~other than with respect to each Specified Aleris Subsidiary~~, the actions required by clauses (i) and (ii) above need not be taken if the costs of doing so are excessive in relation to the benefits afforded thereby, as determined by the Administrative Agent in its reasonable discretion. The Designated Company shall otherwise take such actions and execute and/or deliver to the Administrative Agent and the Collateral Agent such documents as the Administrative Agent or the Collateral Agent shall reasonably require to confirm the validity, perfection and priority of the Lien of the Security Documents against such after-acquired properties.

(b) With respect to any Person that becomes a Restricted Subsidiary or a Specified Aleris Subsidiary after the Closing Date (other than (w) Aleris Belgium, to the extent that Aleris Belgium is not a Specified Aleris Subsidiary, (x) Aleris Italy, (y) an Excluded Collateral Subsidiary and (yz) a Securitization Entity) ~~or~~, any Restricted Subsidiary that was an Excluded Collateral Subsidiary but, as of the end of the most recently ended fiscal quarter, has ceased to be an Excluded Collateral Subsidiary or is required to become a Loan Party by operation of the provisions of Section 5.11(d), the definition of Permitted Reorganization, the definition of Permitted Reorganization Actions, or the definition of Permitted Aleris Foreign Subsidiary Transfer, or any property that ceases to be Excluded Property, promptly (and in any event ~~within~~ (x) in the case of property that was Excluded Property as a result of the U.S. Hold Separate Order or any U.S. Hold Separate Agreement, within thirty (30) days after the date such property ceases to be Excluded Property, (y) within thirty (30) days after the end of the fiscal quarter in which such Person becomes a Restricted Subsidiary or ceases to be an Excluded Collateral Subsidiary or is required to become a Loan Party by operation of the provisions of Section 5.11(d), or after such property (other than property described in clause (x) above) ceased to be Excluded Property; provided that the Administrative Agent may agree to an extension of such time period or (yz) immediately upon such Person becoming a Specified Aleris Subsidiary or in connection with

the applicable step(s) of the Permitted Reorganization, the definition of Permitted Reorganization Actions, or the definition of Permitted Aleris Foreign Subsidiary Transfer) (i) pledge and deliver to the Collateral Agent the certificates, if any, representing all of the Equity Interests of such Restricted Subsidiary or such Specified Aleris Subsidiary owned by a Loan Party, together with undated stock powers or other appropriate instruments of transfer executed and delivered in blank by a duly authorized officer of the holder(s) of such Equity Interests, and all intercompany notes owing from such Restricted Subsidiary or Specified Aleris Subsidiary to any Loan Party together with instruments of transfer executed and delivered in blank by a duly authorized officer of such Loan Party and (ii) cause any such Restricted Subsidiary (other than a Specified Aleris Subsidiary) that is a Wholly Owned Subsidiary or that is a German Borrower Holding Company or an Aleris German Non-Wholly Owned Subsidiary (other than (x) any Restricted Subsidiary prohibited from being a Guarantor under any applicable Requirement of Law (except as otherwise agreed by any Governmental Authority pursuant to a U.S. Hold Separate Agreement), including any Requirement of Law relating to financial assistance, maintenance of capital or other corporate benefit restrictions and (y) any Restricted Subsidiaries where providing such guarantee would result in (1) materially adverse tax consequences, as determined by the Administrative Agent in its reasonable discretion (after consultation with its counsel) or (2) costs that are excessive in relation to the benefits afforded thereby, as determined by the Administrative Agent in its reasonable discretion) and any such Specified Aleris Subsidiary, in each case to the extent not prohibited by applicable Requirements of Law (in the case of the U.S. Hold Separate Assets, as such Requirements of Law are modified pursuant to a U.S. Hold Separate Agreement), (A) to execute a Joinder Agreement or such comparable documentation to become a Subsidiary Guarantor and joinder agreements to the applicable Security Documents (in each case, substantially in the form annexed thereto or in such other form as may be reasonably satisfactory to the Administrative Agent) or, in the case of a Foreign Subsidiary execute such other Security Documents (or joinder agreements) to the extent possible under and compatible with the laws of such Foreign Subsidiary's jurisdiction in form and substance reasonably satisfactory to the Administrative Agent, and (B) to take all actions necessary or advisable in the opinion of the Administrative Agent or the Collateral Agent to cause the Liens created by the applicable Security Documents to be duly perfected to the extent required by such agreement in accordance with all applicable Requirements of Law, including the filing of financing statements (or other applicable filings) in such jurisdictions as may be reasonably requested by the Administrative Agent or the Collateral Agent. Notwithstanding the foregoing (1) clause (i) of this paragraph (b) shall not apply to the Equity Interests of (w) any Company listed on Schedule 5.11(b) to the extent any applicable Requirement of Law (except as otherwise agreed by any Governmental Authority pursuant to a U.S. Hold Separate Agreement) continues to prohibit the pledging of its Equity Interests to secure the Secured Obligations and any Company acquired or created after the Effective Date to the extent any applicable Requirement of Law (except as otherwise agreed by any Governmental Authority pursuant to a U.S. Hold Separate Agreement) prohibits the pledging of its Equity Interests to secure the Secured Obligations, (x) any non-Wholly Owned Subsidiary (other than each German Borrower Holding Company and each Aleris German Non-Wholly Owned Subsidiary that is a Restricted Subsidiary, but including Aleris German GP Holdco) to the extent that the pledge or perfection of a Lien on such Equity Interests would violate any anti-assignment or negative pledge provisions of any contract to which such non-Wholly Owned Subsidiary is a party or the organizational documents or shareholders' agreement of such non-Wholly Owned Subsidiary (but only to the extent such anti-assignment or negative pledge clause is enforceable under applicable law), (y) any Joint Venture Subsidiary, to the extent the

terms of any contract to which such Joint Venture Subsidiary is a party or any applicable joint venture, stockholders', partnership, limited liability company or similar agreement (other than any of the foregoing entered into with any Company or Affiliate of any Company) prohibits or conditions the pledging of its Equity Interests to secure the Secured Obligations and (z) any Restricted Subsidiary (other than a Specified Aleris Subsidiary) to the extent such pledge would result in materially adverse tax consequences, as determined by the Administrative Agent in its reasonable discretion (after consultation with its counsel) and (2) clause (ii) of this paragraph (b) shall not apply to any Company listed on Schedule 5.11(b) to the extent any applicable Requirement of Law (except as otherwise agreed by any Governmental Authority pursuant to a U.S. Hold Separate Agreement) prohibits it from becoming a Loan Party. Notwithstanding anything to the contrary in this Section 5.11(b), with respect to each Foreign Subsidiary that becomes a party to this Agreement after the Second Amendment Effective Date, the obligations of such Foreign Subsidiary under this Agreement, any Guarantee, any Foreign Guarantee, any Security Document, any Joinder Agreement, or any other Loan Document, may be limited (and such agreements may be amended, restated, supplemented or otherwise modified to give effect to such limitations without the consent of any Person other than the Administrative Agent, the Collateral Agent, and such Foreign Subsidiary) in accordance with the Agreed Guarantee and Security Principles on terms reasonably satisfactory to the Administrative Agent and the Borrower. As of the Second Amendment Effective Date, each Lender party to the Second Amendment, which Lenders constitute the Required Lenders, and each Lender that becomes a party to this Agreement after the Second Amendment Effective Date, expressly consents to the terms set forth in, and the rights of the Agents to consent to the terms of the amendments, restatements, supplements and modifications described in, the immediately preceding sentence.

(c) Subject to the terms of the Intercreditor Agreement, promptly grant to the Collateral Agent, within sixty (60) days of the acquisition thereof or, in the case of property that is Excluded Property as a result of the U.S. Hold Separate Order or any U.S. Hold Separate Agreement, within sixty (60) days after the date such property ceases to be Excluded Property (or such later date agreed by the Administrative Agent) (or immediately in connection with the applicable step(s) of the Permitted Reorganization, any Permitted Reorganization Action, or any Permitted Aleris Foreign Subsidiary Transfer), a security interest in and Mortgage on each Real Property owned in fee by such Loan Party as is acquired by such Loan Party after the Closing Date and that, together with any improvements thereon, individually has a fair market value the Dollar Equivalent of which is at least \$10,000,000 (unless the subject property is already mortgaged to a third party to the extent permitted by Section 6.02 hereof or the costs of doing so are excessive in relation to the benefits afforded thereby, as determined by the Administrative Agent in its reasonable discretion). Subject to the terms of the Intercreditor Agreement, such Mortgages shall be granted pursuant to documentation reasonably satisfactory in form and substance to the Administrative Agent and the Collateral Agent and shall constitute valid, perfected and enforceable First Priority Liens subject only to Permitted Liens. Subject to the terms of the Intercreditor Agreement, the Mortgages or instruments related thereto shall be duly recorded or filed in such manner and in such places as are required by law to establish, perfect, preserve and protect the First Priority Liens in favor of the Collateral Agent required to be granted pursuant to the Mortgages and all taxes, fees and other charges payable in connection therewith shall be paid in full. Such Loan Party shall otherwise take such actions and execute and/or deliver to the Administrative Agent and the Collateral Agent such documents as the Administrative Agent or the Collateral Agent shall reasonably require to

confirm the validity, perfection and priority of the Lien of any existing Mortgage or new Mortgage against such after-acquired Real Property (including a Title Policy (or title opinion reasonably satisfactory to the Administrative Agent and the Collateral Agent), a Survey (if applicable in the respective jurisdiction), and a local counsel opinion (in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent) in respect of such Mortgage). For purposes of this Section 5.11(c) Real Property owned by a Company that becomes a Loan Party following the Closing Date in accordance with the terms of this Agreement shall be deemed to have been acquired on the later of (x) the date of acquisition of such Real Property and (y) the date such Company becomes a Loan Party.

(d) If, at any time and from time to time after the Closing Date, Restricted Subsidiaries that are not Loan Parties because they are Excluded Collateral Subsidiaries comprise in the aggregate more than 7.5% of the Consolidated Total Assets of the Designated Company and its Subsidiaries as of the end of the most recently ended fiscal quarter or more than 7.5% of Consolidated EBITDA of the Designated Company and its Restricted Subsidiaries as of the end of the most recently ended fiscal quarter, then the Loan Parties shall, not later than 45 days after the date by which financial statements for such fiscal quarter are required to be delivered pursuant to this Agreement (or immediately in connection with the applicable step(s) of the Permitted Reorganization, any Permitted Reorganization Action, or any Permitted Aleris Foreign Subsidiary Transfer), cause one or more of such Restricted Subsidiaries to become Loan Parties (notwithstanding that such Restricted Subsidiaries are, individually, Excluded Collateral Subsidiaries) such that the foregoing condition ceases to be true. The Designated Company may designate a Subsidiary Guarantor that was not a Restricted Subsidiary of the Designated Company on the Closing Date as an Excluded Collateral Subsidiary subject to the terms of the definition thereof, in which event the Guarantee by such Restricted Subsidiary shall be released in accordance with Section 7.09 and the Collateral Agent shall release the Collateral pledged by such Person.

(e) Any Foreign Subsidiary that is a Loan Party that has in the United States at any time (i) a deposit account that is part of the Cash Pooling Arrangements or (ii) property (other than Excluded Property) having an aggregate fair market value in excess of \$5,000,000 for any such foreign Loan Party, shall execute a joinder agreement to the U.S. Security Agreement reasonably satisfactory to the Administrative Agent.

(f) Notwithstanding any other provision of this Section 5.11 or any provision in any other Loan Document to the contrary, in no event shall this Section 5.11 or such Loan Document obligate any Loan Party to (i) grant a Lien to the Collateral Agent on any Excluded Property or (ii) take any perfection steps with respect to any Excluded Property.

(g) Notwithstanding any other provision of this Section 5.11 or any provision in any other Loan Document to the contrary, in no event shall this Section 5.11 or such Loan Document ~~obligate any Loan Party to require~~ (i) to the extent creation of a security interest in a specific asset requires that such asset be described with specificity in the applicable Security Document or filing (including, for example, a list of specific items of Inventory with identification numbers, or descriptions of commercial tort claims), the creation of the Collateral Agent's security interest in

such assets, to the extent acquired in a Permitted Acquisition, and (ii) the perfection of the Collateral Agent's security interest in assets acquired in a Permitted Acquisition, in the case of clauses (i) and (ii) ~~shall not be required~~, until the date that is 60 days after the closing date for such Permitted Acquisition (or such later date as is otherwise permitted pursuant to the other clauses of this Section 5.11 or as otherwise agreed by the Administrative Agent); provided that (A) the perfection of a security interest in Collateral with respect to which a Lien may be perfected by (x) the filing of financing statements under the UCC or equivalent filing system in a non-U.S. jurisdiction, or (y) filing short form security agreements or other filings with the applicable Intellectual Property filing office in the applicable jurisdiction, in the case of clauses (x) and (y), shall be required to occur substantially concurrently with any acquired entity becoming a Loan Party and (B) each Loan Party shall use its commercially reasonable efforts to deliver stock certificates (together with stock powers or equivalent instruments of transfer) representing certificated Equity Interests required to be pledged under this Agreement and the Security Documents (without regard to this clause (g)) as soon as practicable upon the closing of such Permitted Acquisition, and in any case no later than the date that is 60 days after the closing date for such Permitted Acquisition (or such later date as is otherwise permitted pursuant to the other clauses of this Section 5.11 or as otherwise agreed by the Administrative Agent); ~~provided that the limitations set forth in this clause (g) shall only apply to the assets of, or Equity Interests issued by, any Specified Aleris Subsidiary to the extent such limitations also apply to such Specified Aleris Subsidiary under the Revolving Credit Loan Documents.~~

(h) Notwithstanding any other provision of this Section 5.11 or any provision in any other Loan Document to the contrary, without the consent of any other person, the Administrative Agent and/or Collateral Agent may (or shall, to the extent required by any Loan Document) enter into any amendment or waiver of any Security Document (subject to the consent of the Loan Parties party thereto except as otherwise provided in such Security Document) or enter into any new agreement or instrument, to give effect to the provisions set forth in Section 5.11(f) and (g).

Section 5.12 Security Interests; Further Assurances. Subject to the terms of the Intercreditor Agreement, promptly, upon the reasonable request of the Administrative Agent or the Collateral Agent, at the Co-Borrowers' expense, execute, acknowledge and deliver, or cause the execution, acknowledgment and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Security Documents or otherwise deemed by the Administrative Agent or the Collateral Agent reasonably necessary for the continued validity, perfection and priority of the Liens on the Collateral covered thereby subject to no other Liens except Permitted Liens, or use commercially reasonable efforts to obtain any consents or waivers as may be reasonably required in connection therewith. Deliver or cause to be delivered (using commercially reasonable efforts with respect to delivery of items from Persons who are not in the control of any Loan Party) to the Administrative Agent and the Collateral Agent from time to time such other documentation, consents, authorizations, approvals and orders in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Agent as the Administrative Agent and the Collateral Agent shall reasonably deem necessary to perfect or maintain the Liens on the Collateral pursuant to the Security Documents. Upon the exercise by the Administrative Agent, the Collateral Agent or any Lender of any power, right, privilege or remedy pursuant to any Loan Document that requires any consent, approval, registration, qualification or authorization of any Governmental

Authority, execute and deliver all applications, certifications, instruments and other documents and papers that the Administrative Agent, the Collateral Agent or such Lender may reasonably require in connection therewith. If the Administrative Agent, the Collateral Agent or the Required Lenders determine that they are required by a Requirement of Law to have appraisals prepared in respect of the Real Property of any Loan Party constituting Collateral, the Designated Company shall provide to the Administrative Agent appraisals that satisfy the applicable requirements of the Real Estate Appraisal Reform Amendments of FIRREA (or other applicable requirements) and are otherwise in form reasonably satisfactory to the Administrative Agent and the Collateral Agent.

Section 5.13 Information Regarding Collateral. Not effect any change (i) in any Loan Party's legal name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which any material Pari Passu Priority Collateral owned by it is located (including the establishment of any such new office or facility) other than changes in location to a property identified on Schedule 3.24, another property location previously identified on a Perfection Certificate Supplement or otherwise by notice to the Administrative Agent and the Collateral Agent, as to which the steps required by clause (B) below have been completed or to a Mortgaged Property or a leased property subject to a Landlord Access Agreement, (iii) in any Loan Party's identity or organizational structure, (iv) in any Loan Party's Federal Taxpayer Identification Number or organizational identification number, if any, or (v) in any Loan Party's jurisdiction of organization (in each case, including by merging with or into any other entity, reorganizing, dissolving, liquidating, reorganizing or organizing in any other jurisdiction), until (A) it shall have given the Collateral Agent and the Administrative Agent not less than ten (10) Business Days' prior written notice (in the form of an Officers' Certificate) of its intention to do so, or such lesser notice period agreed to by the Administrative Agent and the Collateral Agent, clearly describing such change and providing such other information in connection therewith as the Collateral Agent or the Administrative Agent may reasonably request and (B) it shall have taken all action reasonably satisfactory to the Administrative Agent and the Collateral Agent to maintain the perfection and priority of the security interest of the Collateral Agent for the benefit of the Secured Parties in the Collateral, if applicable. Each Loan Party agrees to promptly provide the Administrative Agent and the Collateral Agent, upon request therefor, with certified Organizational Documents reflecting any of the changes described in the preceding sentence. For the purposes of the Regulation, (i) no U.K. Guarantor shall change its centre of main interest (as that term is used in Article 3(1) of the Regulation) from England and Wales, (ii) nor shall any Irish Guarantor change its centre of main interest from Ireland or Germany, nor shall Irish Guarantor have an "establishment" (as that term is used in Article 2(h) of the Regulation) in any jurisdiction other than Ireland or Germany, (iii) nor shall any Swiss Guarantor change its centre of main interest from Switzerland, nor shall any Swiss Guarantor have an "establishment" in any other jurisdiction, (iv) nor shall German Seller change its centre of main interest from Germany, (v) nor shall any Dutch Guarantor change its centre of main interest from the Netherlands, nor shall any Dutch Guarantor have an "establishment" in any other jurisdiction, (vi) nor shall any French Guarantor change its centre of main interest from France, nor shall any French Guarantor have an "establishment" in any other jurisdiction, (vii) nor shall any Belgian Guarantor change its centre of main interest from Belgium, nor shall any Belgian Guarantor have an "establishment" in any other jurisdiction and (viii) other than as provided in paragraph (ii) above, no Guarantor (to the

extent such Guarantor is subject to the Regulation) shall have a centre of main interest other than as situated in its jurisdiction of incorporation.

Section 5.14 Affirmative Covenants with Respect to Leases. With respect to each Lease to which a Loan Party is party as landlord or lessor, the respective Loan Party shall perform all the obligations imposed upon the landlord under such Lease and enforce all of the tenant's obligations thereunder, except where the failure to so perform or enforce could not reasonably be expected to result in a Property Material Adverse Effect.

Section 5.15 Post-Closing Covenants; Covenants in Respect of Hedging Agreements Following the Aleris Acquisition Closing Date.

(a) Execute and deliver the documents and complete the tasks and take the other actions set forth on Schedule 5.15 to this Agreement and on Schedule 2 to the Aleris Increase Joinder Amendment, in each case within the time limits specified on such Schedules.

(b) Promptly following the Aleris Acquisition Closing Date, use reasonable efforts to novate all transactions under the Specified Aleris Hedging Agreements, such that, after giving effect to such novation, such transactions shall be subject solely to the terms and conditions of Hedging Agreements (other than Specified Aleris Hedging Agreements) with one or more Companies, the terms of which shall not require a Lien on any assets of any Company to secure the obligations thereunder (other than solely as a result of the designation of any counterparty thereto as a "Secured Hedge Provider" in accordance with the terms hereof).

(c) No later than the date that is 30 days after the Aleris Acquisition Closing Date, cease entering into any transactions under the Specified Aleris Hedging Agreements.

(d) No later than the date that is 180 days after the Aleris Acquisition Closing Date, cause all Specified Aleris Hedging Agreements to be terminated, and all transactions thereunder to be terminated, novated or cancelled.

(e) Promptly upon the termination, novation or cancellation of each transaction under any Specified Aleris Hedging Agreement, (i) cause all Liens on assets of Aleris or any of its Subsidiaries securing the obligations thereunder to be released (other than Liens arising solely as a result of the designation of any counterparty thereto as a "Secured Hedge Provider" in accordance with the terms hereof), (ii) deliver to the Administrative Agent all documents and filings required or reasonably requested by any Agent to evidence the release of such Liens, and (iii) cause any collateral held by or on behalf of the counterparty to such transaction to promptly be returned to the applicable Company and be pledged to secure the Secured Obligations to the extent required under the Loan Documents on terms reasonably satisfactory to the Administrative Agent and the Collateral Agent (except, in the case of this clause (iii), to the extent that such collateral is cash that is otherwise applied to settle or net out amounts owing under such Hedging Agreement at the

time of such termination, novation or cancellation) (the requirements under this clause (e), collectively, the “Aleris Hedging Collateral Requirements”).

(f) No later than the date that is 10 Business Days after the ~~commencement~~commencement of the Specified Brazilian Expansion, the Designated Company shall deliver to the Administrative Agent written notice of the date that such expansion commenced.

Section 5.16 Designation of Subsidiaries. The Designated Company may at any time after the Closing Date designate any Restricted Subsidiary of the Designated Company as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that (i) immediately before and after such designation, no Default shall have occurred and be continuing, (ii) immediately after giving effect to such designation, the Designated Company shall be in compliance, on a Pro Forma Basis, with the Financial Performance Covenant (it being understood that, as a condition precedent to the effectiveness of any such designation, the Designated Company shall deliver to the Administrative Agent a certificate of a Responsible Officer setting forth in reasonable detail the calculations demonstrating such compliance), (iii) the Consolidated Interest Coverage Ratio for the most recently ended four fiscal quarter period for which financial statements have been delivered pursuant to Section 5.01(a) or (b) shall be greater than 2.00 to 1.00 on a Pro Forma Basis (it being understood that, as a condition precedent to the effectiveness of any such designation, the Designated Company shall deliver to the Administrative Agent a certificate of a Responsible Officer setting forth in reasonable detail the calculations demonstrating such Consolidated Interest Coverage Ratio), (iv) no Subsidiary may be designated as an Unrestricted Subsidiary or continue as an Unrestricted Subsidiary if it is a “Restricted Subsidiary” for the purpose of any of the Senior Notes, the Revolving Credit Agreement, any Additional Senior Secured Indebtedness, any Junior Secured Indebtedness or any other Indebtedness, as applicable, constituting Material Indebtedness, (v) no Restricted Subsidiary may be designated an Unrestricted Subsidiary if it was previously designated an Unrestricted Subsidiary, (vi) if a Restricted Subsidiary is being designated as an Unrestricted Subsidiary ~~hereunder~~under this Section 5.16, the sum of (A) the fair market value of assets of such Subsidiary as of such date of designation (the “Designation Date”), plus (B) the aggregate fair market value of assets of all Unrestricted Subsidiaries designated as Unrestricted Subsidiaries pursuant to this Section 5.16 prior to the Designation Date (in each case measured as of the date of each such Unrestricted Subsidiary’s designation as an Unrestricted Subsidiary) shall not exceed \$500,000,000 in the aggregate as of such Designation Date pro forma for such designation, (vii) no Restricted Subsidiary shall be a Subsidiary of an Unrestricted Subsidiary and (viii) no Co-Borrower (and no Person that directly or indirectly owns any Equity Interests of a Co-Borrower) may be designated as an Unrestricted Subsidiary. The designation of any Subsidiary as an Unrestricted Subsidiary under this Section 5.16 after the Closing Date shall constitute an Investment by the Designated Company or its applicable Restricted Subsidiary therein at the date of designation in an amount equal to the fair market value of the Designated Company’s or such Restricted Subsidiary’s (as applicable) ~~investment~~investment therein. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute (i) the incurrence at the time of designation of any Investment, Indebtedness or Liens of such Subsidiary existing at such time and (ii) a return on any Investment by the Designated Company or any of its Restricted Subsidiaries in Unrestricted Subsidiaries pursuant to the preceding sentence in an amount equal to the lesser of (x) the fair market value at

the date of such designation of the Designated Company's or its Restricted Subsidiary's (as applicable) Investment in such Subsidiary and (y) the amount of Investments made by the Designated Company or its Restricted Subsidiaries in such Unrestricted Subsidiary from and after the date of such Subsidiary was designated as an Unrestricted Subsidiary.

ARTICLE VI

NEGATIVE COVENANTS

Each Loan Party warrants, covenants and agrees with each Lender that, from and after the Closing Date, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document have been paid in full, unless the Required Lenders (and such other Lenders whose consent may be required under Section 11.02) shall otherwise consent in writing, no Loan Party will, nor will they cause or permit any Restricted Subsidiaries to:

Section 6.01 Indebtedness. Incur, create, assume or permit to exist, directly or indirectly, any Indebtedness, except

(a) Indebtedness incurred under this Agreement and the other Loan Documents;

(b) (i) Indebtedness outstanding on the Closing Date and listed on Schedule 6.01(b) and Permitted Refinancings thereof, and (ii) Indebtedness of Loan Parties under the Revolving Credit Loan Documents and Permitted Revolving Credit Facility Refinancings thereof in an aggregate principal amount at any time outstanding not to exceed the Maximum Revolving Credit Facility Amount;

(c) Indebtedness of any Company under Hedging Agreements (including Contingent Obligations of any Company with respect to Hedging Agreements of any other Company); provided that if such Hedging Obligations relate to interest rates, (i) such Hedging Agreements relate to payment obligations on Indebtedness otherwise permitted to be incurred by the Loan Documents and (ii) the notional principal amount of such Hedging Agreements at the time incurred does not exceed the principal amount of the Indebtedness to which such Hedging Agreements relate;

(d) Indebtedness permitted by Section 6.04(i) or (s), any other Indebtedness of a Restricted Subsidiary permitted by Section 6.04, and any Indebtedness of Holdings and Novelis Europe Holdings Limited (and, on and after the Specified AV Minerals Joinder Date, AV Minerals) permitted by Section 6.15;

(e) Indebtedness of any Securitization Entity under any Qualified Securitization Transaction (i) that is without recourse to any Company (other than such Securitization Entity) or any of their respective assets (other than pursuant to Standard Securitization Undertakings) and (ii) that are negotiated in good faith at arm's length; provided that no Default shall be outstanding after giving effect thereto, and (A) with respect to any such Indebtedness of a Securitization Entity that is organized in a Principal Jurisdiction, such transaction is a Permitted German Alternative Financing, Permitted Customer Account Financing or a Permitted Novelis Switzerland Financing, (B) with respect to any such Indebtedness of a Securitization Entity that is organized in a Non-Principal Jurisdiction, the sum of (w) the aggregate outstanding principal amount of the Indebtedness of all Securitization Entities that are organized in a Non-Principal Jurisdiction under all Qualified Securitization Transactions under this Section 6.01(e), plus (x) the aggregate amount of Indebtedness incurred by a Subsidiary that is organized in a Non-Principal Jurisdiction then outstanding under Section 6.01(m), plus (y) the aggregate book value at the time of determination of the then outstanding Receivables of a Company that is organized in a Non-Principal Jurisdiction subject to a Permitted Factoring Facility pursuant to Section 6.06(e) at such time, plus (z) the aggregate consideration received by a Company that is organized in a Non-Principal Jurisdiction for Asset Sales permitted under Section 6.06(r) (net of amounts paid by such Company to repurchase the Inventory subject to such Asset Sales) (but in each case excluding any Permitted German Alternative Financing, any Permitted Novelis Switzerland Financing and any Permitted Customer Account Financing), shall not exceed the greater of (x) 15% of Consolidated Net Tangible Assets and (y) \$750,000,000, and (C) with respect to any such Indebtedness of a Securitization Entity that is organized in a Non-Loan Party Jurisdiction, the sum of (w) the aggregate outstanding principal amount of the Indebtedness of all Securitization Entities that are organized in a Non-Loan Party Jurisdiction under all Qualified Securitization Transactions under this Section 6.01(e), plus (x) the aggregate amount of Indebtedness incurred by a Subsidiary that is organized in a Non-Loan Party Jurisdiction then outstanding under Section 6.01(m), plus (y) the aggregate book value at the time of determination of the then outstanding Receivables of a Company that is organized in a Non-Loan Party Jurisdiction subject to a Permitted Factoring Facility pursuant to Section 6.06(e) at such time, plus (z) the aggregate consideration received by a Company that is organized in a Non-Loan Party Jurisdiction for Asset Sales permitted under Section 6.06(r) (net of amounts paid by such Company to repurchase the Inventory subject to such Asset Sales) (but in each case excluding any Permitted German Alternative Financing, any Permitted Novelis Switzerland Financing and any Permitted Customer Account Financing), shall not exceed the greater of (x) 15% of Consolidated Net Tangible Assets and (y) \$750,000,000;

(f) Indebtedness in respect of Purchase Money Obligations and Capital Lease Obligations, and Permitted Refinancings thereof (other than refinancings funded with intercompany advances); provided that at the time such obligations are incurred, the outstanding amount of Indebtedness incurred under this clause (f) shall not exceed the greater of (x) 10% of Consolidated Net Tangible Assets and (y) \$500,000,000;

(g) Sale and Leaseback Transactions permitted under Section 6.03;

(h) Indebtedness in respect of bid, performance or surety bonds or obligations, workers' compensation claims, self-insurance obligations, financing of insurance premiums, and bankers acceptances issued for the account of the Designated Company or any Restricted Subsidiary, in each case, incurred in the ordinary course of business (including guarantees or obligations of the Designated Company or any Restricted Subsidiary with respect to letters of credit supporting such bid, performance or surety bonds or obligations, workers' compensation claims, self-insurance obligations and bankers acceptances) (in each case other than Indebtedness for borrowed money);

(i) Contingent Obligations (i) of any Loan Party in respect of Indebtedness otherwise permitted to be incurred by such Loan Party under this Section 6.01, (ii) of any Loan Party in respect of Indebtedness of Restricted Subsidiaries that are not Loan Parties or are Restricted Grantors in an aggregate amount not exceeding the greater of (x) \$100,000,000 and (y) 2.0% of Consolidated Net Tangible Assets at any one time outstanding less all amounts paid with regard to Contingent Obligations permitted pursuant to Section 6.04(a), and (iii) of any Company that is not a Loan Party in respect of Indebtedness otherwise permitted to be incurred by such Company under this Section 6.01;

(j) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five (5) Business Days of incurrence;

(k) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(l) unsecured Indebtedness and Junior Secured Indebtedness not otherwise permitted under this Section 6.01; provided, that (i) such Indebtedness has a final maturity date no earlier than 180 days after the Latest Maturity Date, (ii) such Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Term Loans with the Latest Maturity Date, (iii) no Default is then continuing or would result therefrom, (iv) such Indebtedness is incurred by a Loan Party and the persons that are (or are required to be) guarantors under such Indebtedness do not consist of any persons other than those persons that are (or are required to be) Loan Parties under and with respect to the Term Loans, (v) the terms of such Indebtedness do not require any amortization, mandatory prepayment or redemption or repurchase at the option of the holder thereof (other than customary offers to purchase upon a change of control or asset sale) earlier than 180 days after the Latest Maturity Date, (vi) such Indebtedness has terms and conditions (excluding pricing, premiums and subordination terms), when taken as a whole, are not materially more restrictive or less favorable to the Companies and are not materially less favorable to the Lenders, than the terms of the Loan Documents (except with respect to terms and conditions that are applicable only after the then Latest Maturity Date), (vii) in the case of any such secured Indebtedness, the Liens securing such Indebtedness, if any, shall be subordinated to the Liens securing the Secured Obligations on a junior "silent" basis in a manner satisfactory to the Administrative Agent (provided that the terms of the Intercreditor Agreement as they relate to

subordination are hereby acknowledged as being satisfactory) (and the holders of such Indebtedness shall not have any rights with respect to exercising remedies pursuant to such Liens) and such Liens shall only be on assets that constitute Collateral, (viii) in the case of any such secured Indebtedness, the security agreements relating to such Indebtedness (together with the Intercreditor Agreement) reflect the Junior Lien nature of the security interests and are otherwise substantially the same as the applicable Security Documents (with differences as are reasonably satisfactory to the Administrative Agent), (ix) in the case of any such secured Indebtedness, such Indebtedness and the holders thereof or the Senior Representative thereunder shall be subject to the Intercreditor Agreement and the Liens securing such Indebtedness shall be subject to the Intercreditor Agreement, and (x) after giving effect to the incurrence of such Indebtedness and to the consummation of any Permitted Acquisition or other Investment or application of funds made with the proceeds of such incurrence on a Pro Forma Basis, (A) the Consolidated Interest Coverage Ratio at such date shall be greater than 2.0 to 1.0; and (B) with respect to any such Junior Secured Indebtedness, the Secured Net Leverage Ratio, determined on a Pro Forma Basis, shall be no greater than 5.00 to 1.00 (which shall be evidenced by a certificate from the chief financial officer of the Designated Company demonstrating such compliance calculation in reasonable detail); provided, further that delivery to the Administrative Agent at least five Business Days prior to the incurrence of such Indebtedness of an Officers' Certificate of a Responsible Officer of the Designated Company (together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto) certifying that the Designated Company has determined in good faith that such terms and conditions satisfy the foregoing requirements shall be conclusive evidence that such terms and conditions satisfy such requirement unless the Administrative Agent notifies the Designated Company within such five Business Day period that it disagrees with such determination (including a reasonable description of the basis upon which it disagrees);

(m) Indebtedness consisting of working capital facilities, lines of credit or cash management arrangements for Restricted Subsidiaries and Contingent Obligations of Restricted Subsidiaries in respect thereof; provided that no Default shall be outstanding, on a Pro Forma Basis, after giving effect thereto and (A) with respect to any such Indebtedness of a Restricted Subsidiary that is organized in a Principal Jurisdiction, such transaction is a Permitted German Alternative Financing, (B) with respect to any such Indebtedness of a Company that is organized in a Non-Principal Jurisdiction, the sum of (w) the aggregate outstanding principal amount of the Indebtedness of all Securitization Entities that are organized in a Non-Principal Jurisdiction under all Qualified Securitization Transactions under Section 6.01(e), plus (x) the aggregate amount of Indebtedness incurred by a Subsidiary that is organized in a Non-Principal Jurisdiction then outstanding under this Section 6.01(m), plus (y) the aggregate book value at the time of determination of the then outstanding Receivables of a Company that is organized in a Non-Principal Jurisdiction subject to a Permitted Factoring Facility pursuant to Section 6.06(e) at such time, plus (z) the aggregate consideration received by a Company that is organized in a Non-Principal Jurisdiction for Asset Sales permitted under Section 6.06(r) (net of amounts paid by such Company to repurchase the Inventory subject to such Asset Sales) (but in each case excluding any Permitted German Alternative Financing, any Permitted Novelis Switzerland Financing and any Permitted Customer Account Financing), shall not exceed the greater of (x) 15% of Consolidated Net Tangible Assets and (y) \$750,000,000, (C) with respect to any such Indebtedness of a Company that is organized in a Non-Loan Party Jurisdiction, the sum of (w) the aggregate

outstanding principal amount of the Indebtedness of all Securitization Entities that are organized in a Non-Loan Party Jurisdiction under all Qualified Securitization Transactions under Section 6.01(e), plus (x) the aggregate amount of Indebtedness incurred by a Subsidiary that is organized in a Non-Loan Party Jurisdiction then outstanding under this Section 6.01(m), plus (y) the aggregate book value at the time of determination of the then outstanding Receivables of a Company that is organized in a Non-Loan Party Jurisdiction subject to a Permitted Factoring Facility pursuant to Section 6.06(e) at such time, plus (z) the aggregate consideration received by a Company that is organized in a Non-Loan Party Jurisdiction for Asset Sales permitted under Section 6.06(r) (net of amounts paid by such Company to repurchase the Inventory subject to such Asset Sales) (but in each case excluding any Permitted German Alternative Financing, any Permitted Novelis Switzerland Financing and any Permitted Customer Account Financing), shall not exceed the greater of (x) 15% of Consolidated Net Tangible Assets and (y) \$750,000,000, and (D) with respect to such Indebtedness (x) of a Restricted Subsidiary organized under the laws of Germany, Contingent Obligations with respect thereto shall be limited to other Restricted Subsidiaries organized under the laws of Germany, Switzerland (if such Indebtedness is incurred together with a Permitted Novelis Switzerland Financing) or any Non-Principal Jurisdiction, (y) of a Restricted Subsidiary organized in a Non-Principal Jurisdiction, Contingent Obligations with respect thereto shall be limited to other Restricted Subsidiaries organized in a Non-Principal Jurisdiction and (z) of a Restricted Subsidiary organized in a Non-Loan Party Jurisdiction, Contingent Obligations with respect thereto shall be limited to other Restricted Subsidiaries organized in a Non-Loan Party Jurisdiction;

(n) Indebtedness in respect of indemnification obligations or obligations in respect of purchase price adjustments or similar obligations incurred or assumed by the Loan Parties and their Subsidiaries in connection with (i) an Asset Sale or sale of Equity Interests otherwise permitted under this Agreement and (ii) Permitted Acquisitions or other Investments permitted under this Section 6.04;

(o) unsecured guaranties in the ordinary course of business of any person of the obligations of suppliers, customers, lessors or licensees;

(p) Indebtedness of NKL arising under letters of credit issued in the ordinary course of business;

(q) (i) Indebtedness of any person existing at the time such person is acquired in connection with a Permitted Acquisition or any other Investment permitted under Section 6.04; provided that such Indebtedness is not incurred in connection with or in contemplation of such Permitted Acquisition or other Investment and is not secured by Accounts or Inventory of any Company organized in a Principal Jurisdiction or the proceeds thereof, and at the time of such Permitted Acquisition or other Investment, no Event of Default shall have occurred and be continuing, and (ii) Permitted Refinancings of such Indebtedness, in an aggregate amount, for all such Indebtedness permitted under this clause (q), not to exceed at any time outstanding an amount equal to the sum of (x) the greater of (1) \$200,000,000 and (2) 4% of Consolidated Net Tangible Assets and (y) an additional unlimited amount so long as, on a Pro Forma Basis after giving effect

to the incurrence of such Indebtedness, the Consolidated Interest Coverage Ratio shall be greater than 2.0 to 1.0;

(r) Indebtedness in respect of treasury, depository and cash management services or automated clearinghouse transfer of funds (including the Cash Pooling Arrangements and other pooled account arrangements and netting arrangements and commercial credit card and merchant card services and other bank products or services) in the ordinary course of business, in each case, arising under the terms of customary agreements with any bank;

(s) Permitted Holdings Indebtedness;

(t) Indebtedness constituting the Senior Notes in an aggregate principal amount not to exceed ~~\$2,650,000,000~~\$3,100,000,000, and Permitted Refinancings thereof (including successive Permitted Refinancings of Indebtedness incurred as a Permitted Refinancing under this clause (t));

(u) Indebtedness of any Loan Party under one or more series of senior secured notes under one or more indentures, provided that (i) such Indebtedness has a final maturity date that is no earlier than the Latest Maturity Date, (ii) such Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Term Loans with the Latest Maturity Date, (iii) no Default is then continuing or would result therefrom, (iv) such Indebtedness is incurred by a Loan Party and the persons that are (or are required to be) guarantors under such Indebtedness do not consist of any persons other than those persons that are (or are required to be) Loan Parties under or in respect to the Term Loans, (v) the terms of such Indebtedness do not require any amortization, mandatory prepayment or redemption or repurchase at the option of the holders thereof (other than customary asset sale or change of control provisions, which asset sale provisions may require the application of proceeds of asset sales and casualty events co-extensive with those set forth in Section 2.10(c) or (e), as applicable, to make mandatory prepayments or prepayment offers out of such proceeds on a pari passu basis with the Secured Obligations, all Permitted First Priority Refinancing Debt and all other Additional Senior Secured Indebtedness) earlier than the Latest Maturity Date, (vi) such Indebtedness has terms and conditions (excluding pricing and premiums), when taken as a whole, that are not materially more restrictive or less favorable to the Companies and the Lenders than the terms of the Loan Documents (except with respect to terms and conditions that are applicable only after the then Latest Maturity Date), (vii) the Liens securing such Indebtedness shall be pari passu with the Liens securing the Secured Obligations (other than with respect to control of remedies) and such Liens shall only be on assets that constitute Collateral, (viii) the security agreements relating to such Indebtedness shall be substantially the same as the Security Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (ix) such Indebtedness and the holders thereof or the Senior Representative thereunder shall be subject to the Intercreditor Agreement and the Liens securing such Indebtedness shall be subject to the Intercreditor Agreement, and (x) after giving effect to the incurrence of such Indebtedness and to the consummation of any Permitted Acquisition or other Investment or application of funds made with the proceeds of such incurrence on a Pro Forma Basis, the Senior Secured Net Leverage Ratio at such date shall be not greater than 3.0 to 1.0 (provided that in calculating the Senior Secured Net Leverage Ratio, the proceeds of the

incurrence of such Indebtedness shall be excluded from Unrestricted Cash); provided, further that delivery to the Administrative Agent at least five Business Days prior to the incurrence of such Indebtedness of an Officers' Certificate of a Responsible Officer of the Designated Company (together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto) certifying that the Designated Company has determined in good faith that such terms and conditions satisfy the foregoing requirements shall be conclusive evidence that such terms and conditions satisfy such requirement unless the Administrative Agent notifies the Designated Company within such five Business Day period that it disagrees with such determination (including a reasonable description of the basis upon which it disagrees);

(v) Permitted Unsecured Refinancing Debt and any Permitted Refinancing thereof (including successive Permitted Refinancings of Indebtedness incurred as a Permitted Refinancing under this clause (v));

(w) Permitted First Priority Refinancing Debt and Permitted Second Priority Refinancing Debt, and any Permitted Refinancings thereof (including successive Permitted Refinancings of Indebtedness incurred as a Permitted Refinancing under this clause (w));

(x) obligations of the Designated Company or any of its Restricted Subsidiaries to reimburse or refund deposits posted by customers pursuant to forward sale agreements entered into by the Designated Company or such Restricted Subsidiary in the ordinary course of business;

(y) unsecured Indebtedness not otherwise permitted under this Section 6.01 in an aggregate principal amount not to exceed the greater of (x) \$500,000,000 and (y) 10% of Consolidated Net Tangible Assets at any time outstanding;

(z) (i) unsecured Indebtedness in respect of obligations of the Designated Company or any Restricted Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; provided that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money or any Hedging Agreements and (ii) unsecured indebtedness in respect of intercompany obligations of the Designated Company or any Restricted Subsidiary in respect of accounts payable incurred in connection with goods sold or services rendered in the ordinary course of business and not in connection with the borrowing of money;

(aa) Indebtedness representing deferred compensation or similar arrangements to employees, consultants or independent contractors of the Designated Company (or its direct or indirect parent) and its Restricted Subsidiaries incurred in the ordinary course of business or otherwise incurred in connection with the Transactions or any Permitted Acquisition or other Investment permitted under Section 6.04;

(bb) Indebtedness consisting of promissory notes issued to current or former officers, managers, consultants, directors and employees (or respective spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees) to finance the purchase or redemption of capital stock of the Designated Company or any of its direct or indirect parent companies permitted by Section 6.08(j);

(cc) Indebtedness pursuant to industrial revenue bond, direct government loan or similar programs in an aggregate principal amount not to exceed the greater of (x) \$150,000,000 and (y) 3% of Consolidated Net Tangible Assets at any time outstanding;

(dd) Indebtedness of Loan Parties under any Third Lien Credit Agreement and any Permitted Refinancing thereof (including successive Permitted Refinancings of Indebtedness incurred as a Permitted Refinancing under this clause (dd));

(ee) Permitted Short Term Indebtedness; and

(ff) Surviving Aleris Debt and Indebtedness of one or more Companies organized under the laws or the People's Republic of China and, in each case, Permitted Refinancings thereof; provided that (i) the obligations in respect of the foregoing shall not be secured by any assets of, and shall not be guaranteed by, any Person, other than the assets of, and guarantees by, one or more Companies organized under the laws of the People's Republic of China that is not a Loan Party, and (ii) the aggregate principal amount of Indebtedness and undrawn commitments thereunder shall not exceed \$300,000,000 at any time outstanding.

Notwithstanding anything to the contrary contained in this Section 6.01, accrual of interest, accretion or amortization of original issue discount and the payment of interest in the form of additional Indebtedness will be deemed not to be an incurrence of Indebtedness for purposes of this covenant (but shall, for the avoidance of doubt, be deemed to be Indebtedness for the purposes of calculating any financial ratio, including the Consolidated Interest Coverage Ratio, the Total Net Leverage Ratio, the Secured Net Leverage Ratio or the Senior Secured Net Leverage Ratio, whether calculated under this Section 6.01 or elsewhere in this Agreement).

Section 6.02 Liens. Create, incur, assume or permit to exist, directly or indirectly, any Lien on any property now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except the following (collectively, the "Permitted Liens"):

(a) (i) inchoate Liens for Taxes not yet due and payable or delinquent and (ii) Liens for Taxes which are due and payable and are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided on the books of the appropriate Company in accordance with US GAAP;

(b) Liens in respect of property of any Company imposed by Requirements of Law, which were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers', warehousemen's, materialmen's, landlords', workmen's, suppliers', repairmen's and mechanics' Liens and other similar Liens arising in the ordinary course of business, and (i) which do not in the aggregate materially detract from the value of the property of the Companies, taken as a whole, and do not materially impair the use thereof in the operation of the business of the Companies, taken as a whole, and (ii) which, if they secure obligations that are then due and unpaid for more than 30 days, are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided on the books of the appropriate Company in accordance with US GAAP;

(c) any Lien in existence on the Closing Date and set forth on Schedule 6.02(c) that does not attach to the Accounts and Inventory of any Co-Borrower and any Lien granted as a replacement, renewal or substitution therefor; provided that any such replacement, renewal or substitute Lien (i) does not secure an aggregate amount of Indebtedness, if any, greater than that secured on the Closing Date (including undrawn commitments thereunder in effect on the Closing Date, accrued and unpaid interest thereon and fees and premiums payable in connection with a Permitted Refinancing of the Indebtedness secured by such Lien) and (ii) does not encumber any property other than the property subject thereto on the Closing Date (any such Lien, an "Existing Lien");

(d) easements, rights-of-way, restrictions (including zoning restrictions), reservations (including pursuant to any original grant of any Real Property from the applicable Governmental Authority), covenants, licenses, encroachments, protrusions and other similar charges or encumbrances, and minor title deficiencies or irregularities on or with respect to any Real Property, in each case whether now or hereafter in existence, not (i) securing Indebtedness for borrowed money or (ii) individually or in the aggregate materially interfering with the ordinary conduct of the business of the Companies at such Real Property;

(e) Liens arising out of judgments, attachments or awards not resulting in an Event of Default that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided on the books of the appropriate Company in accordance with US GAAP;

(f) Liens (other than any Lien imposed by ERISA) (x) imposed by Requirements of Law or deposits made in connection therewith in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security legislation, (y) incurred in the ordinary course of business to secure the performance of tenders, statutory obligations (other than excise taxes), surety, stay, customs and appeal bonds, statutory bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) or (z) arising by virtue of deposits made in the ordinary course of business to secure liability for premiums to insurance carriers; provided that (i) with respect to clauses (x), (y) and (z) of this paragraph (f), such Liens are for amounts not yet due and payable or delinquent or, to the extent

such amounts are so due and payable, such amounts are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been established on the books of the appropriate Company in accordance with US GAAP, and (ii) to the extent such Liens are not imposed by Requirements of Law, such Liens shall in no event encumber any property other than cash and Cash Equivalents and, with respect to clause (y), property relating to the performance of obligations secured by such bonds or instruments;

(g) (i) Leases, subleases or licenses of the properties of any Company granted to other persons which do not, individually or in the aggregate, interfere in any material respect with the ordinary conduct of the business of any Company and (ii) interests or title of a lessor, sublessor, licensor or sublicensor or Lien securing a lessor's, sublessor's, licensor's or sublicensor's interest in any lease or license not prohibited by this Agreement;

(h) Liens arising out of conditional sale, hire purchase, title retention, consignment or similar arrangements for the sale of goods entered into by any Company in the ordinary course of business;

(i) Liens securing Indebtedness incurred pursuant to Section 6.01(f) or Section 6.01(g); provided that any such Liens attach only to the property being financed pursuant to such Indebtedness and any proceeds of such property and do not encumber any other property of any Company (other than pursuant to customary cross-collateralization provisions with respect to other property of a Company that also secure Indebtedness owed to the same financing party or its Affiliates that is permitted under Section 6.01(f), Section 6.01(g) or Section 6.01(cc));

(j) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by any Company, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to treasury, depository and cash management services or automated clearinghouse transfer of funds (including pooled account arrangements and netting arrangements or claims against any clearing agent or custodian with respect thereto); provided that, unless such Liens are non-consensual and arise by operation of law, in no case shall any such Liens secure (either directly or indirectly) the repayment of any other Indebtedness;

(k) (i) Liens granted pursuant to the Loan Documents to secure the Secured Obligations, (ii) pursuant to the Revolving Credit Security Documents to secure the "Secured Obligations" (as defined in the Revolving Credit Agreement) and any Permitted Revolving Credit Facility Refinancings thereof, (iii) pursuant to the Third Lien Security Documents to secure the "Secured Obligations" (as defined in the Third Lien Credit Agreement) and any Permitted Refinancing thereof, (iv) Liens securing Permitted First Priority Refinancing Debt and Permitted Second Priority Refinancing Debt, (v) Liens securing Additional Senior Secured Indebtedness that are pari passu with the Liens securing the Secured Obligations and subject to the terms of the Intercreditor Agreement and (vi) Liens securing Junior Secured Indebtedness that are subordinated

to the Liens securing the Secured Obligations and subject to the terms of the Intercreditor Agreement;

(l) Licenses of Intellectual Property granted by any Company in the ordinary course of business ~~and/or pursuant to the U.S. Hold Separate Order, a U.S. Hold Separate Agreement or a Belgian Purchase Document and, in each case,~~ not interfering in any material respect with the ordinary conduct of business of the Companies;

(m) the filing of UCC or PPSA financing statements (or the equivalent in other jurisdictions) solely as a precautionary measure in connection with operating leases or consignment of goods;

(n) (x) Liens on property of Excluded Subsidiaries securing Indebtedness of Excluded Subsidiaries permitted by Section 6.01(m), (y) Liens on property of Restricted Subsidiaries that are organized in a Principal Jurisdiction consisting of Revolving Credit Priority Collateral and Hedging Agreements related to the value of such Revolving Credit Priority Collateral securing Indebtedness of such Restricted Subsidiaries permitted by Section 6.01(m) and (z) Liens on property of NKL securing Indebtedness permitted by Section 6.01(p);

(o) Liens securing the refinancing of any Indebtedness secured by any Lien permitted by clauses (c), (i), (k) or (r) of this Section 6.02 or this clause (o) without any change in the assets subject to such Lien and to the extent such refinanced Indebtedness is permitted by Section 6.01;

(p) to the extent constituting a Lien, the existence of an “equal and ratable” clause in the Senior Note Documents (and any Permitted Refinancings thereof) and other debt securities issued by a Loan Party that are permitted under Section 6.01 (but, in each case, not any security interests granted pursuant thereto);

(q) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(r) Liens on assets acquired in a Permitted Acquisition or other Acquisitions permitted under Section 6.04 or on property of a person existing at the time such person is acquired or merged with or into or amalgamated or consolidated with any Company to the extent permitted hereunder or such assets are acquired (and not created in anticipation or contemplation thereof); provided that (i) such Liens do not extend to property not subject to such Liens at the time of acquisition (other than improvements thereon and proceeds thereof) and are no more favorable to the lienholders than such existing Lien and (ii) (x) such Liens secure obligations in respect of Indebtedness permitted under Section 6.01(ff), so long as such Liens do not extend to any assets of any Person other than the assets of one or more Companies organized under the laws of the

People's Republic of China that is not a Loan Party, or (y) the aggregate principal amount of Indebtedness secured by such Liens does not exceed the greater of (1) \$200,000,000 and (2) 4% of Consolidated Net Tangible Assets at any time outstanding;

(s) any encumbrance or restriction (including put and call agreements) solely in respect of the Equity Interests of any Joint Venture or Joint Venture Subsidiary that is not a Loan Party, contained in such Joint Venture's or Joint Venture Subsidiary's Organizational Documents or the joint venture agreement or stockholders agreement in respect of such Joint Venture or Joint Venture Subsidiary;

(t) (A) Liens granted in connection with Indebtedness permitted under Section 6.01(e) that are limited in each case to the Securitization Assets transferred or assigned pursuant to the related Qualified Securitization Transaction and (B) Liens granted in connection with a Permitted Factoring Facility pursuant to Section 6.06(e) that are limited in each case to precautionary Liens on the Receivables sold, transferred or disposed of pursuant to such transaction, and Liens on the other Factoring Assets with respect thereto;

(u) Liens not otherwise permitted by this Section 6.02 securing liabilities not in excess of the greater of (x) \$100,000,000 and (y) 2% of Consolidated Net Tangible Assets in the aggregate at any time outstanding;

(v) to the extent constituting Liens, rights under purchase and sale agreements with respect to Equity Interests or other assets permitted to be sold in Asset Sales permitted under Section 6.06;

(w) Liens securing obligations owing to the Loan Parties so long as such obligations and Liens, where owing by or on assets of Loan Parties, are subordinated to the Secured Obligations and to the Secured Parties' Liens on the Collateral in a manner satisfactory to the Administrative Agent;

(x) Liens created, arising or securing obligations under the Receivables Purchase Agreements;

(y) Liens on deposits provided by customers or suppliers in favor of such customers or suppliers securing the obligations of the Designated Company or its Restricted Subsidiaries to refund deposits posted by customers or suppliers pursuant to forward sale agreements entered into by the Designated Company or its Restricted Subsidiaries in the ordinary course of business;

(z) Liens on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to Section 6.04 to be applied against the purchase price for such Investment;

(aa) the pledge of Qualified Capital Stock of any Unrestricted Subsidiary;

(bb) Liens in favor of any underwriter, depository or stock exchange on the Equity Interests in NKL or its direct parents, 4260848 Canada Inc., 4260856 Canada Inc. and 8018227 Canada Inc. and any securities accounts in which such Equity Interests are held in connection with any listing or offering of Equity Interests in NKL, to the extent required by applicable Requirements of Law or stock exchange requirements (and not securing Indebtedness);

(cc) (i) Liens that are contractual rights of set-off (A) relating to the establishment of depository relations with banks, (B) relating to pooled deposit or sweep accounts of any Company to permit satisfaction of overdraft or similar obligations and other cash management activities incurred in the ordinary course of business of the Companies or (C) relating to purchase orders and other similar agreements entered into with customers of the Companies in the ordinary course of business, (ii) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (iii) Liens encumbering reasonable customary initial deposits and, to the extent required by applicable law, margin deposits, in each case attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and (iv) Liens in favor of banking institutions, securities intermediaries and clearing agents (including the right of set-off) and which are within the general parameters customary in the banking industry and not granted in connection with the incurrence of Indebtedness;

(dd) (i) Cash collateral securing Indebtedness incurred pursuant to Section 6.01(h) and (ii) commencing on the Aleris Acquisition Closing Date and ending on the date that is 180 days after such date, cash collateral securing obligations under the Specified Aleris Hedging Agreements; ~~and~~

(ee) Liens securing Indebtedness incurred pursuant to Section 6.01(cc); provided that any such Liens attach only to the property being financed pursuant to such Indebtedness and any proceeds of such property and do not encumber any other property of any Company (other than pursuant to customary cross-collateralization provisions with respect to other property of a Company that also secure Indebtedness owed to the same financing party or its Affiliates that is permitted under Section 6.01(f), Section 6.01(g), or Section 6.01(cc)); and

(ff) solely to the extent that the Designated Belgian Escrow Funds are required to be deposited in the Designated Belgian Escrow Account pursuant to the Belgian Purchase Documents, Liens on the Designated Belgian Escrow Account and the Designated Belgian Escrow Funds pursuant to the Designated Belgian Escrow Agreement;

provided, however, that notwithstanding any of the foregoing, no consensual Liens (other than Liens permitted under clauses (s), (v) and (bb) above, in the case of Securities Collateral or Chinese Subsidiary Equity Interests) shall be permitted to exist, directly or indirectly, on any Securities Collateral or any Chinese Subsidiary Equity Interests, other than Liens granted pursuant to the

applicable Security Documents and, so long as such Lien is also granted pursuant to the applicable Security Documents, the Revolving Credit Security Documents, the Third Lien Security Documents or any agreement, document or instrument pursuant to which any Lien is granted securing any Additional Secured Indebtedness, Permitted First Priority Refinancing Debt, Permitted Second Priority Refinancing Debt or Junior Secured Indebtedness.

Any reference in this Agreement or any of the other Loan Documents to a Lien permitted by this Agreement is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Lien created by any of the Loan Documents to any Lien permitted hereunder.

Section 6.03 Sale and Leaseback Transactions. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a “Sale and Leaseback Transaction”) unless (i) the sale of such property is permitted by Section 6.06, (ii) any Liens arising in connection with its use of such property are permitted by Section 6.02 and (iii) after giving effect to such Sale and Leaseback Transaction, the aggregate fair market value of all properties covered by Sale and Leaseback Transactions entered into would not exceed (A) in the case of a Sale and Leaseback Transaction constituting Indebtedness incurred pursuant to Section 6.01(cc), the greater of (x) \$150,000,000 and (y) 3% of Consolidated Net Tangible Assets at any time and (B) in the case of all other Sale and Leaseback Transactions, the greater of (x) \$250,000,000 and (y) 5% of Consolidated Net Tangible Assets.

Section 6.04 Investments, Loan and Advances. Directly or indirectly, lend money or credit (by way of guarantee or otherwise) or make advances to any person, or purchase or acquire any stock, bonds, notes, debentures or other obligations or securities of, or any other ownership interest in, or make any capital contribution to, any other person, or purchase or otherwise acquire (in one transaction or a series of transactions) all or substantially all of the property and assets or business of any other person or assets constituting a business unit, line of business or division of any other person, or purchase or own a futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract (all of the foregoing, collectively, “Investments”; it being understood that (x) the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment and when determining the amount of an Investment that remains outstanding, the last paragraph of this Section 6.04 shall apply, (y) in the event a Restricted Subsidiary ceases to be a Restricted Subsidiary as a result of being designated an Unrestricted Subsidiary, the Designated Company will be deemed to have made an Investment in such Unrestricted Subsidiary as of the date of such designation, as provided in Section 5.16 and (z) in the event a Restricted Subsidiary ceases to be a Restricted Subsidiary as a result of an Asset Sale or similar transaction, and the Designated Company and its Restricted Subsidiaries continue to own Equity Interests in such Restricted Subsidiary, the Designated Company will be deemed, at the time of such transaction and after giving effect thereto, to have made an Investment in such Person equal to the fair market value of the Designated Company’s and its Restricted Subsidiaries’ Investments in such Person at such time), except that the following shall be permitted:

(a) Investments consisting of unsecured guaranties by Loan Parties of, or other unsecured Contingent Obligations with respect to, operating payments not constituting Indebtedness for borrowed money incurred by Restricted Subsidiaries that are not Loan Parties or that are Restricted Grantors, in the ordinary course of business, that, to the extent paid by such Loan Party, shall not exceed an aggregate amount equal to the greater of (x) \$100,000,000 and (y) 2% of Consolidated Net Tangible Assets less the amount of Contingent Obligations by Loan Parties in respect of Companies that are not Loan Parties or that are Restricted Grantors permitted pursuant to Section 6.01(i)(ii);

(b) Investments outstanding on the Closing Date and identified on Schedule 6.04(b);

(c) the Companies may (i) acquire and hold accounts receivable owing to any of them if created or acquired in the ordinary course of business or in connection with a Permitted Acquisition or other Acquisition permitted under Section 6.04, (ii) invest in, acquire and hold cash and Cash Equivalents, (iii) endorse negotiable instruments held for collection in the ordinary course of business or (iv) make lease, utility and other similar deposits in the ordinary course of business;

(d) Investments of Securitization Assets in Securitization Entities in connection with Qualified Securitization Transactions permitted by Section 6.01(e);

(e) the Loan Parties and their Restricted Subsidiaries may make loans and advances (including payroll, travel and entertainment related advances) in the ordinary course of business to their respective employees (other than any loans or advances to any director or executive officer (or equivalent thereof) that would be in violation of Section 402 of the Sarbanes-Oxley Act) so long as the aggregate principal amount thereof at any time outstanding (determined without regard to any write-downs or write-offs of such loans and advances) shall not exceed (when aggregated with loans and advances outstanding pursuant to clause (h) below) \$15,000,000;

(f) any Company may enter into Hedging Agreements (including Contingent Obligations of any Company with respect to Hedging Obligations of any other Company) to the extent permitted by Section 6.01(c);

(g) Investments made by any Company as a result of consideration received in connection with an Asset Sale made in compliance with Section 6.06; provided, that if such Investment or Asset Sale involves a Transferred Aleris Foreign Subsidiary, such transaction shall comply with the requirements set forth in the definition of Permitted Aleris Foreign Subsidiary Transfer;

(h) loans and advances to directors, employees and officers of the Loan Parties and their Restricted Subsidiaries for bona fide business purposes, in aggregate amount not to exceed

(when aggregated with loans and advances outstanding pursuant to clause (e) above) \$15,000,000 at any time outstanding; provided that no loans in violation of Section 402 of the Sarbanes-Oxley Act shall be permitted hereunder;

(i) Investments (i) by any Company in any other Company outstanding on the Closing Date, (ii) by any Company in any Unrestricted Grantor, (iii) by any Restricted Grantor in any other Restricted Grantor, (iv) by an Unrestricted Grantor in any Restricted Grantor so long as, on a Pro Forma Basis after giving effect to and at the time of such Investment, the Consolidated Interest Coverage Ratio shall be greater than 2.0 to 1.0, (v) by any Loan Party in any Company that is not a Loan Party in an aggregate amount not to exceed the greater of (x) 15% of Consolidated Net Tangible Assets and (y) \$750,000,000, and (vi) by any Company that is not a Loan Party in any other Company; provided that any such Investment in the form of a loan or advance to any Loan Party shall be subordinated to the Secured Obligations on terms reasonably satisfactory to the Administrative Agent and, in the case of a loan or advance by a Loan Party, evidenced by an Intercompany Note and pledged by such Loan Party as Collateral pursuant to the Security Documents;

(j) Investments in securities or other obligations received upon foreclosure or pursuant to any plan of reorganization or liquidation or similar arrangement upon the bankruptcy or insolvency of trade creditors or customers or in connection with the settlement of delinquent accounts in the ordinary course of business, and Investments received in good faith in settlement of disputes or litigation;

(k) Investments in Joint Ventures in which the Loan Parties hold at least 50% of the outstanding Equity Interests or Joint Venture Subsidiaries made with the Net Cash Proceeds of (x) arm's length sales or dispositions for cash of Equity Interests in a Joint Venture Subsidiary for fair market value or (y) the issuance of Equity Interests in a Joint Venture Subsidiary, in each case as permitted by Section 6.06 hereof;

(l) Investments in Norf GmbH in an aggregate amount not to exceed €100,000,000 at any time outstanding;

(m) Permitted Acquisitions;

(n) Investments consisting of Standard Factoring Undertakings in respect of Permitted Factoring Facilities pursuant to Section 6.06(e);

(o) Mergers, amalgamations and consolidations in compliance with Section 6.05; provided that the Lien on and security interest in such Investment granted or to be granted in favor of the Collateral Agent under the Security Documents shall be maintained or created in accordance with the provisions of Section 5.11 or Section 5.12, as applicable;

(p) Investments in respect of Cash Pooling Arrangements, subject to the limitations set forth in Section 6.07;

(q) Investments consisting of guarantees of Indebtedness referred to in clauses (i) (to the extent such guarantee is in effect on the Closing Date or permitted as part of a Permitted Refinancing) and (ii) of Section 6.01(b) and Contingent Obligations permitted by Section 6.01(c) or (i);

(r) other Investments in an aggregate amount not to exceed:

(i) so long as the Senior Secured Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Investments and any related Indebtedness, would not exceed 3.50 to 1.00, (x) prior to the consummation of the Aleris Acquisition, \$75,000,000 during any fiscal year of the Designated Company or (y) upon and after the consummation of the Aleris Acquisition, \$125,000,000 during any fiscal year of the Designated Company;

(ii) so long as (A) the Consolidated Interest Coverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Investment and any related Indebtedness, would exceed 2.0 to 1.0 and (B) the Senior Secured Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Investment and any related Indebtedness, would not exceed 3.50 to 1.00, the then available Cumulative Credit;

(iii) so long as (A) the Total Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Investment and any related Indebtedness, would not exceed 4.0 to 1.0, (B) Liquidity after giving effect to such Investment shall be greater than or equal to \$750,000,000 and (C) the Senior Secured Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Investment and any related Indebtedness, would not exceed 3.50 to 1.00, the then available Annual Credit;

(iv) so long as (A) the Total Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Investment and any related Indebtedness, would not exceed 3.5 to 1.0 and (B) the Senior Secured Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Investment and any related Indebtedness, would not exceed 3.50 to 1.00, such additional amounts as the Designated Company may determine (the cumulative amount of Investments made after the Closing Date under this clause (iv) at any time that the Total Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Investment and any related Indebtedness, would exceed 2.0 to 1.0, referred to as the “Investment Recapture Amount”); and

(v) so long as the Senior Secured Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Investment and any related Indebtedness, would not exceed 3.50 to 1.00, (i) (A) prior to the consummation of the Aleris Acquisition, \$75,000,000 over the term of this Agreement or (B) upon and after the consummation of the Aleris Acquisition, \$125,000,000 over the term of this Agreement minus (ii) the aggregate amount of Dividends made pursuant to Section 6.08(g);

(s) Investments consisting of unsecured guaranties permitted pursuant to Section 6.01(o);

(t) Investments by any Company in any other Company; provided that such Investment is part of a Series of Cash Neutral Transactions and no Default has occurred and is continuing;

(u) Investments consisting of (i) unsecured guaranties by Novelis Inc. of NKL’s indemnification obligations owing to (x) the Ulsan JV Subsidiary attributable to employment-related claims or claims of former employees of NKL, and (y) the Ulsan Joint Venture Partner for losses of the Ulsan Joint Venture Partner arising from NKL’s breach of representations, warranties and covenants applicable to NKL under the Ulsan Sale Agreement; provided that Novelis Inc.’s maximum aggregate liability under the guaranties described in this clause (i) shall not exceed \$157,500,000, and (ii) an unsecured guaranty by Novelis Inc. of NKL’s indemnification obligations owing to the Ulsan JV Subsidiary for losses of the Ulsan JV Subsidiary arising from environmental liabilities that relate to actions occurring prior to the closing of the Ulsan Share

Sale; provided that Novelis Inc.'s maximum aggregate liability under the guaranty described in this clause (ii) shall not exceed \$157,500,000;

(v) Investments in Ulsan JV Subsidiary in an aggregate amount not to exceed ₩125,000,000,000 at any time outstanding;

(w) Investments by any Loan Party in any Company organized under the laws of the People's Republic of China that is not a Loan Party in an aggregate amount not to exceed \$290,000,000;

(x) to the extent constituting an Investment, (i) the Permitted Reorganization; provided that the terms and conditions set forth in the definition of Permitted Reorganization and, to the extent applicable, the definition of Permitted Reorganization Actions shall have been satisfied; provided, further, that all such Investments involving a loan or advance, or otherwise in the form of an Intercompany Note, shall be documented as an Intercompany Note and shall be subordinated to the Secured Obligations (to the extent evidencing a payment obligation of a Loan Party) on terms reasonably satisfactory to the Administrative Agent, and shall be pledged as Collateral pursuant to the Security Documents, and (ii) the Permitted Aleris Foreign Subsidiary Transfers; **and**

(y) Permitted Fiscal Unity Liability;

(z) solely to the extent that the Designated Belgian Escrow Funds are required to be deposited in the Designated Belgian Escrow Account pursuant to the Belgian Purchase Documents, Investments of the Designated Belgian Escrow Funds pursuant to the Designated Belgian Escrow Agreement;

(aa) Investments in the form of licenses of Intellectual Property by Aleris Belgium and/or Aleris Italy, as licensee, from one or more Companies, as licensors; provided that any such license shall cover only Intellectual Property that is required to be licensed by Aleris Belgium and/or Aleris Italy, as licensee, under the Belgian Purchase Documents or as is otherwise required for Aleris Belgium and/or Aleris Italy to operate the Belgian Hold Separate Business in accordance with the Belgian Purchase Documents (including to the extent that the European Commission or any trustee appointed on its behalf determines that such license is necessary to operate such business); and

(bb) Investments in the form of licenses of Intellectual Property in favor of the Persons operating the U.S. Hold Separate Assets, from one or more Companies, as licensors; provided that any such license shall cover only Intellectual Property that is required to be licensed by such Persons under the U.S. Hold Separate Order or a U.S. Hold Separate Agreement, or as is otherwise

required for such Persons to operate the U.S. Hold Separate Business in accordance with the U.S. Hold Separate Order and the U.S. Hold Separate Agreements;

provided that (x) any such Investment in the form of a loan or advance to any Loan Party shall be subordinated to the Secured Obligations on terms reasonably satisfactory to the Administrative Agent and, in the case of a loan or advance by a Loan Party, evidenced by an Intercompany Note and pledged by such Loan Party as Collateral pursuant to the Security Documents and (y) with respect to any Investment in an aggregate amount in excess of \$50,000,000, on or prior to the date of any Investment pursuant to Section 6.04(r)(ii), (iii) or (iv), the Designated Company shall deliver to the Administrative Agent an Officer's Certificate specifying which clause of Section 6.04(r) such Investment is being made pursuant to and calculating in reasonable detail the amount of the Cumulative Credit or Annual Credit, as applicable, immediately prior to such election and the amount thereof elected to be so applied, the Total Net Leverage Ratio, Senior Secured Net Leverage Ratio and Consolidated Interest Coverage Ratio referred to above and, in the case of Investments pursuant to clause (iii) above, the amount of Liquidity referred to therein.

An Investment shall be deemed to be outstanding to the extent not returned in the same form as the original Investment to any Company. The outstanding amount of an Investment shall, in the case of a Contingent Obligation that has been terminated, be reduced to the extent no payment is or was made with respect to such Contingent Obligation upon or prior to the termination of such Contingent Obligation; and the outstanding amount of other Investments shall be reduced by the amount of cash or Cash Equivalents received with respect to such Investment upon the sale or disposition thereof, or constituting a return of capital with respect thereto or, repayment of the principal amount thereof, in the case of a loan or advance.

Section 6.05 Mergers, Amalgamations and Consolidations. Wind up, liquidate or dissolve its affairs or enter into any transaction of merger, amalgamation or consolidation (or agree to do any of the foregoing at any future time), except that the following shall be permitted:

- (a) Asset Sales in compliance with Section 6.06;
- (b) Permitted Acquisitions in compliance with Section 6.04;
- (c) (i) any Company may merge, amalgamate or consolidate with or into any Unrestricted Grantor (provided that in the case of any merger, amalgamation or consolidation involving (w) Designated Holdco, Designated Holdco is the surviving or resulting person, (x) except as provided in the definition of Permitted Holdings Amalgamation, the Borrower, the Borrower is the surviving or resulting person, (y) a Co-Borrower, such Co-Borrower is the surviving or resulting person, and (z) in any other case, an Unrestricted Grantor is the surviving or resulting person), (ii) any Restricted Grantor may merge, amalgamate or consolidate with or into any other Restricted Grantor (provided that (x) a Subsidiary Guarantor is the surviving or resulting person or (y) in the case of any merger, amalgamation or consolidation involving a Co-Borrower (other than the Borrower or Designated Holdco), such Co-Borrower is the surviving or resulting person), (iii) Novelis Aluminum Holding Company and Novelis Deutschland GmbH may merge

provided Novelis Deutschland GmbH is the surviving or resulting person, and (iv) any Company that is not a Loan Party may merge, amalgamate or consolidate with or into any Restricted Grantor (provided that a Subsidiary Guarantor or a Co-Borrower is the surviving or resulting person); provided that, in the case of each of the foregoing clauses (i) through (iv), (1) the surviving or resulting person is a Wholly Owned Subsidiary of Holdings (or, on and after the Specified AV Minerals Joinder Date, subject to Section 6.15(a)(i), AV Minerals); provided that following a Qualified Borrower IPO, the surviving or resulting person is the Borrower or a Wholly Owned Subsidiary of the Borrower ~~following a Qualified Borrower IPO~~, (2) the Lien on and security interest in such property granted or to be granted in favor of the Collateral Agent under the Security Documents shall be maintained in full force and effect and perfected and enforceable (to at least the same extent as in effect immediately prior to such transfer) or created in accordance with the provisions of Section 5.11 or Section 5.12, as applicable (for purposes of each step of the Permitted Reorganization, without regard to any time periods provided for in such Sections) and (3) no Default is then continuing or would result therefrom; provided that in the case of any amalgamation or consolidation involving a Loan Party, at the request of the Administrative Agent, such Loan Party and each other Loan Party shall confirm its respective Secured Obligations and Liens under the Loan Documents in a manner reasonably satisfactory to the Administrative Agent;

(d) any Restricted Subsidiary that is not a Loan Party may merge, amalgamate or consolidate with or into any other Restricted Subsidiary that is not a Loan Party;

(e) AV Metals and the Borrower may consummate the Permitted Holdings Amalgamation;

(f) any Restricted Subsidiary of the Designated Company (other than a Co-Borrower) may dissolve, liquidate or wind up its affairs at any time; provided that such dissolution, liquidation or winding up, as applicable, could not reasonably be expected to have a Material Adverse Effect; and

(g) any Unrestricted Grantor (other than Holdings, Designated Holdco or the Co-Borrowers (or, on and after the Specified AV Minerals Joinder Date, AV Minerals)) may dissolve, liquidate or wind-up its affairs (collectively, "Wind-Up"), so long as all of its assets are distributed or otherwise transferred to any other Unrestricted Grantor and any Restricted Grantor may Wind-Up so long as all of its assets are distributed or otherwise transferred to a Restricted Grantor or an Unrestricted Grantor; provided that (1) the Lien on and security interest in such property granted or to be granted in favor of the Collateral Agent under the Security Documents shall be maintained in full force and effect and perfected and enforceable (to at least the same extent as in effect immediately prior to such transfer) or created in accordance with the provisions of Section 5.11 or Section 5.12, as applicable and (2) no Default is then continuing or would result therefrom.

Section 6.06 Asset Sales. Effect any Asset Sale except that the following shall be permitted:

(a) disposition of used, worn out, obsolete or surplus property by any Company in the ordinary course of business and the abandonment or other disposition of Intellectual Property that is, in the reasonable judgment of the Designated Company, no longer economically practicable to maintain or useful in the conduct of the business of the Companies taken as a whole;

(b) so long as no Default is then continuing or would result therefrom, any other Asset Sale (other than the Equity Interests of any [German Borrower Holding Company](#), [Aleris German Non-Wholly Owned Subsidiary](#), or Wholly Owned Subsidiary, in each case that is a Restricted Subsidiary, unless, after giving effect to any such Asset Sale, such person either ceases to be a Restricted Subsidiary or, in the case of an Excluded Collateral Subsidiary, becomes a Joint Venture Subsidiary) for fair market value, with at least 75% of the consideration received for all such Asset Sales or related Asset Sales in which the consideration received exceeds \$50,000,000 payable in cash upon such sale (provided, however, that for the purposes of this clause (b), the following shall be deemed to be cash: (i) any liabilities (as shown on the Designated Company's most recent balance sheet provided hereunder or in the footnotes thereto) of the Designated Company or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the payment in cash of the Obligations, that are assumed by the transferee with respect to the applicable Asset Sale and for which Holdings, the Designated Company and all of its Restricted Subsidiaries (and, on and after the Specified AV Minerals Joinder Date, AV Minerals) shall have been validly released by all applicable creditors in writing, (ii) any securities received by the Designated Company or the applicable Restricted Subsidiary from such transferee that are converted by the Designated Company or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of the applicable Asset Sale, and (iii) aggregate non-cash consideration received by the Designated Company or the applicable Restricted Subsidiary having an aggregate fair market value (determined as of the closing of the applicable Asset Sale for which such non-cash consideration is received) not to exceed \$75,000,000 at any time (net of any non-cash consideration converted into cash));

(c) leases, subleases or licenses of the properties of any Company in the ordinary course of business and which do not, individually or in the aggregate, interfere in any material respect with the ordinary conduct of the business of any Company;

(d) mergers and consolidations, and liquidations and dissolutions in compliance with [Section 6.05](#);

(e) sales, transfers and other dispositions of Receivables for the fair market value thereof in connection with a Permitted Factoring Facility; provided that no Default shall be outstanding after giving effect thereto and (A) with respect to any such sale, transfer or disposition of Receivables incurred by a Company that is organized in a Principal Jurisdiction, such transaction is a Permitted German Alternative Financing, Permitted Customer Account Financing or Permitted Novelis Switzerland Financing, (B) with respect to any such sale, transfer or disposition of Receivables incurred by a Company that is organized in a Non-Principal Jurisdiction, the sum of (w) the aggregate outstanding principal amount of the Indebtedness of all Securitization Entities that are organized in a Non-Principal Jurisdiction under all Qualified

Securitization Transactions under Section 6.01(e), plus (x) the aggregate amount of Indebtedness incurred by a Subsidiary that is organized in a Non-Principal Jurisdiction then outstanding under Section 6.01(m), plus (y) the aggregate book value at the time of determination of the then outstanding Receivables of a Company that is organized in a Non-Principal Jurisdiction subject to a Permitted Factoring Facility pursuant to this Section 6.06(e) at such time, plus (z) the aggregate consideration received by a Company that is organized in a Non-Principal Jurisdiction for Asset Sales permitted under Section 6.06(r) (net of amounts paid by such Company to repurchase the Inventory subject to such Asset Sales) (but in each case excluding any Permitted German Alternative Financing, Permitted Novelis Switzerland Financing and any Permitted Customer Account Financing), shall not exceed the greater of (x) 15% of Consolidated Net Tangible Assets and (y) \$750,000,000, and (C) with respect to any such sale, transfer or disposition of Receivables incurred by a Company that is organized in a Non-Loan Party Jurisdiction, the sum of (w) the aggregate outstanding principal amount of the Indebtedness of all Securitization Entities that are organized in a Non-Loan Party Jurisdiction under all Qualified Securitization Transactions under Section 6.01(e), plus (x) the aggregate amount of Indebtedness incurred by a Subsidiary that is organized in a Non-Loan Party Jurisdiction then outstanding under Section 6.01(m), plus (y) the aggregate book value at the time of determination of the then outstanding Receivables of a Company that is organized in a Non-Loan Party Jurisdiction subject to a Permitted Factoring Facility pursuant to this Section 6.06(e) at such time, plus (z) the aggregate consideration received by a Company that is organized in a Non-Loan Party Jurisdiction for Asset Sales permitted under Section 6.06(r) (net of amounts paid by such Company to repurchase the Inventory subject to such Asset Sales) (but in each case excluding any Permitted German Alternative Financing, any Permitted Novelis Switzerland Financing and any Permitted Customer Account Financing), shall not exceed the greater of (x) 15% of Consolidated Net Tangible Assets and (y) \$750,000,000;

(f) the sale or disposition of cash and Cash Equivalents in connection with a transaction otherwise permitted under the terms of this Agreement;

(g) assignments and licenses of Intellectual Property of any Loan Party and its Subsidiaries in the ordinary course of business and which do not, individually or in the aggregate, interfere in any material respect with the ordinary conduct of the business of any Company;

(h) Asset Sales (i) by and among Unrestricted Grantors (other than Holdings and, on and after the Specified AV Minerals Joinder Date, AV Minerals), (ii) by any Restricted Grantor to any other Restricted Grantor, (iii) by any Restricted Grantor to any Unrestricted Grantor so long as the consideration paid by the Unrestricted Grantor in such Asset Sale does not exceed the fair market value of the property transferred, (iv) by (x) any Unrestricted Grantor to any Restricted Grantor for fair market value and (y) by any Loan Party to any Restricted Subsidiary that is not a Loan Party for fair market value provided that the fair market value of such Asset Sales under this clause (iv) does not exceed the greater of (1) \$200,000,000 and (2) 4% of Consolidated Net Tangible Assets in the aggregate for all such Asset Sales since the Closing Date, (v) by any Company that is not a Loan Party to any Loan Party so long as the consideration paid by the Loan Party in such Asset Sale does not exceed the fair market value of the property transferred, and (vi) by and among Companies that are not Loan Parties; provided that (A) in the case of any transfer

from one Loan Party to another Loan Party, any security interests granted to the Collateral Agent for the benefit of the Secured Parties pursuant to the relevant Security Documents in the assets so transferred shall (1) remain in full force and effect and perfected and enforceable (to at least the same extent as in effect immediately prior to such transfer) or (2) be replaced by security interests granted to the Collateral Agent for the benefit of the relevant Secured Parties pursuant to the relevant Security Documents, which new security interests shall be in full force and effect and perfected and enforceable (to at least the same extent as in effect immediately prior to such transfer) and (B) no Default is then continuing or would result therefrom; provided, further, that (I) any Asset Sale of Equity Interests of a Subsidiary of the Designated Company permitted under this clause (h) (such Subsidiary, the "Transferred Company") from an Unrestricted Grantor to a Restricted Grantor shall be conditioned on (1) the satisfaction of the Transfer Conditions as of the date of such transaction and (2) either the creation or existence of an Interim Holding Company, in each case that (X) is a direct Wholly Owned Subsidiary of such Restricted Grantor and that directly owns 100% of the Equity Interests of such Transferred Company after giving effect to such Asset Sale; provided, that if such Transferred Company is an Aleris German Non-Wholly Owned Subsidiary, the Tulip Foundation may continue to directly or indirectly own Equity Interests in such Aleris German Non-Wholly Owned Subsidiary so long as the Tulip Conditions are satisfied at all times and any other Aleris German Non-Wholly Owned Subsidiary that owns such Transferred Company prior to the occurrence of such transfer may continue to own Equity Interests in such Transferred Company, (Y) has complied with the Joinder Requirements and (Z) shall not be permitted to own, on and after the date of such action, any assets other than the Permitted Holding Company Assets (II) solely with respect to the pledge of Equity Interests in or by any Interim Holding Company in connection with a transaction permitted under this clause (h) that complies with the requirements of clauses (I)(X) through (I)(Z) above, and so long as the Transfer Conditions are satisfied as of the date of such transaction, the re-starting of any fraudulent conveyance, fraudulent transfer, preference or hardening period with respect to any Security Document or Lien under any Requirement of Law shall not, in itself, constitute a violation of clause (A)(1) or clause (A)(2) of the second proviso to this clause (h), and (III) so long as the Transfer Conditions are satisfied as of the date of such transaction, any guaranty or pledge limitations under the laws of the jurisdiction of organization of (X) an Interim Holding Company with respect to the enforcement of the pledge of Equity Interests directly held by the Loan Party that owns the Equity Interests of such Interim Holding Company, or (Y) any Restricted Grantor that acquires assets pursuant to this clause (h) with respect to the enforcement of the pledge of such assets acquired by such Restricted Grantor, in the case of clauses (III)(X) and (III)(Y), shall not, in itself, constitute a violation of clause (A)(1) or clause (A)(2) of the second proviso to this clause (h);

(i) the Companies may consummate Asset Swaps so long as (x) each such sale is in an arm's-length transaction and the applicable Company receives at least fair market value consideration (as determined in good faith by such Company), (y) the Collateral Agent shall have a First Priority perfected Lien on the assets acquired pursuant to such Asset Swap at least to the same extent as the assets sold pursuant to such Asset Swap (immediately prior to giving effect thereto) and (z) the aggregate fair market value of all assets sold pursuant to this clause (i) shall not exceed the greater of (1) 2% of Consolidated Net Tangible Assets and (2) \$100,000,000 in the aggregate since the Closing Date; provided that so long as the assets acquired by any Company

pursuant to the respective Asset Swap are located in the same country as the assets sold by such Company, such aggregate cap will not apply to such Asset Swap;

(j) sales, transfers and other dispositions of Receivables (whether now existing or arising or acquired in the future) and Related Security to a Securitization Entity in connection with a Qualified Securitization Transaction permitted under Section 6.01(e) and all sales, transfers or other dispositions of Securitization Assets by a Securitization Entity under, and pursuant to, a Qualified Securitization Transaction permitted under Section 6.01(e);

(k) to the extent constituting an Asset Sale, the Permitted Holdings Amalgamation;

(l) issuances of Equity Interests by Joint Venture Subsidiaries and Excluded Collateral Subsidiaries;

(m) Asset Sales among Companies of promissory notes or Equity Interests or similar instruments issued by a Company; provided that such Asset Sales are part of a Series of Cash Neutral Transactions and no Default has occurred and is continuing;

(n) the sale of Receivables made pursuant to the Receivables Purchase Agreement;

(o) to the extent constituting an Asset Sale, Investments permitted by Section 6.04(i);

(p) issuances of Qualified Capital Stock (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, any Qualified Capital Stock (A) for stock splits, stock dividends and additional issuances of Qualified Capital Stock which do not decrease the percentage ownership of the Loan Parties in any class of the Equity Interests of such issuing Company and (B) by Subsidiaries of the Designated Company formed after the Closing Date to the Designated Company or the Subsidiary of the Designated Company which is to own such Qualified Capital Stock. All Equity Interests issued in accordance with this Section 6.06(p) shall, to the extent required by Section 5.11 or any Security Document or if such Equity Interests are issued by any Loan Party (other than (x) prior to the Specified AV Minerals Joinder Date, Holdings or (y) on and after the Specified AV Minerals Joinder Date, AV Minerals), be delivered to the Collateral Agent;

(q) transfers of 100% of the Equity Interests of any Chinese Subsidiary or Korean Subsidiary of the Designated Company to a wholly-owned U.S. Loan Party; provided that (i) any security interests granted to the Collateral Agent for the benefit of any Secured Parties pursuant to the relevant Security Documents in the Equity Interests so transferred shall be replaced by security interests granted to the Collateral Agent for the benefit of the relevant Secured Parties pursuant to the relevant Security Documents in 100% of the Equity Interests of such U.S. Loan Party and 65% of the Equity Interests of such Chinese Subsidiary if held directly by such U.S. Loan Party, which

new security interests shall be in full force and effect and perfected and enforceable (to at least the same extent as the security interests in such transferred Subsidiary in effect immediately prior to such transfer (it being understood that registration of such pledge may take place following such transfer to the extent required by applicable law)) and (ii) no Default is then continuing or would result therefrom;

(r) sales, transfers and other dispositions of Inventory in order to finance working capital; provided that no Default shall be outstanding after giving effect thereto and (A) with respect to any such sale, transfer or disposition by a Company that is organized in a Principal Jurisdiction, such transaction is a Permitted German Alternative Financing, (B) with respect to any such sale, transfer or disposition of Receivables incurred by a Company that is organized in a Non-Principal Jurisdiction, the sum of (w) the aggregate outstanding principal amount of the Indebtedness of all Securitization Entities that are organized in a Non-Principal Jurisdiction under all Qualified Securitization Transactions under this Section 6.01(e), plus (x) the aggregate amount of Indebtedness incurred by a Subsidiary that is organized in a Non-Principal Jurisdiction then outstanding under Section 6.01(m), plus (y) the aggregate book value at the time of determination of the then outstanding Receivables of a Company that is organized in a Non-Principal Jurisdiction subject to a Permitted Factoring Facility pursuant to Section 6.06(e) at such time, plus (z) the aggregate consideration received by a Company that is organized in a Non-Principal Jurisdiction for Asset Sales permitted under this Section 6.06(r) (net of amounts paid by such Company to repurchase the Inventory subject to such Asset Sales) (but in each case excluding any Permitted German Alternative Financing, any Permitted Novelis Switzerland Financing and any Permitted Customer Account Financing), shall not exceed the greater of (x) 15% of Consolidated Net Tangible Assets and (y) \$750,000,000, and (C) with respect to any such sale, transfer or disposition of Receivables incurred by a Company that is organized in a Non-Loan Party Jurisdiction, the sum of (w) the aggregate outstanding principal amount of the Indebtedness of all Securitization Entities that are organized in a Non-Loan Party Jurisdiction under all Qualified Securitization Transactions under this Section 6.01(e), plus (x) the aggregate amount of Indebtedness incurred by a Subsidiary that is organized in a Non-Loan Party Jurisdiction then outstanding under Section 6.01(m), plus (y) the aggregate book value at the time of determination of the then outstanding Receivables of a Company that is organized in a Non-Loan Party Jurisdiction subject to a Permitted Factoring Facility pursuant to Section 6.06(e) at such time, plus (z) the aggregate consideration received by a Company that is organized in a Non-Loan Party Jurisdiction for Asset Sales permitted under this Section 6.06(r) (net of amounts paid by such Company to repurchase the Inventory subject to such Asset Sales) (but in each case excluding any Permitted German Alternative Financing, any Permitted Novelis Switzerland Financing and any Permitted Customer Account Financing), shall not exceed the greater of (x) 15% of Consolidated Net Tangible Assets and (y) \$750,000,000;

(s) Asset Sales of 100% of the Equity Interests of any Chinese Subsidiary of the Designated Company to a Chinese holding company that is a direct Wholly Owned Subsidiary of the Designated Company; provided that (i) any security interests granted to the Collateral Agent for the benefit of any Secured Parties pursuant to the relevant Security Documents in the Equity Interests so transferred shall be replaced by security interests granted to the Collateral Agent for the benefit of the relevant Secured Parties pursuant to the relevant Security Documents in 100% of the Equity Interests of such holding company Subsidiary, which new security interests shall be

in full force and effect and perfected and enforceable (to at least the same extent as the security interests in such transferred Subsidiary in effect immediately prior to such transfer (it being understood that registration of such pledge may take place following such transfer to the extent required by applicable law)) and (ii) no Default is then continuing or would result therefrom;

(t) any sale, lease transfer or other disposition in connection with any industrial revenue bond or similar program that does not result in the recognition of the sale or the asset transfer in accordance with GAAP, or any similar transaction;

(u) the Ulsan Share Sale;

(v) the NKL Share Repurchase;

(w) any Permitted Aleris Foreign Subsidiary Transfer; and

(x) to the extent constituting an Asset Sale, the Permitted Reorganization; provided that the terms and conditions set forth in the definition of Permitted Reorganization and, to the extent applicable, the definition of Permitted Reorganization Actions shall have been satisfied; provided, further, that all such Asset Sales involving (whether as consideration or otherwise) a loan or advance, or that otherwise involves an Intercompany Note, shall be permitted solely to the extent that such loan or advance is documented as an Intercompany Note, and all Intercompany Notes in connection therewith shall be subordinated to the Secured Obligations on terms reasonably satisfactory to the Administrative Agent, and shall be pledged as Collateral pursuant to the Security Documents.

Section 6.07 Cash Pooling Arrangements. Amend, vary or waive any term of the Cash Pooling Arrangements or enter into any new pooled account or netting agreement with any Affiliate in a manner materially adverse to the Lenders or which adversely affects the security interests in such accounts. Without the consent of the Administrative Agent under the Revolving Credit Agreement, permit the aggregate amount owed pursuant to the Cash Pooling Arrangements by all Companies who are not Loan Parties (other than any Company (x) that has pledged assets to secure the Secured Obligations on terms reasonably satisfactory to the Administrative Agent and the Collateral Agent and (y) the accounts of which included in such Cash Pooling Arrangements are limited to zero balance disbursement accounts that forward daily all amounts to an account of a Loan Party (subject to customary payments with respect to overdrafts)) minus the aggregate amount on deposit pursuant to the Cash Pooling Arrangements from such Persons to exceed the greater of (i) €75,000,000 and (ii) 2.0% of Consolidated Net Tangible Assets.

Section 6.08 Dividends. Declare or pay, directly or indirectly, any Dividends with respect to any Company, except that the following shall be permitted:



(d) the Designated Company may pay cash Dividends to the holders of its Equity Interests and, if Holdings is a holder of such Equity Interests, the proceeds thereof may be utilized by Holdings to pay cash Dividends to the holders of its Equity Interests in an amount not to exceed:

(i) so long as (A) the Consolidated Interest Coverage Ratio, as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Dividends and any related Indebtedness, would exceed 2.0 to 1.0 and (B) the Senior Secured Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Dividends and any related Indebtedness, would not exceed 3.50 to 1.00, the then available Cumulative Credit;

(ii) so long as (A) the Total Net Leverage Ratio, as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Dividends, would not exceed 4.0 to 1.0, (B) Liquidity after giving effect to such Dividend shall be greater than or equal to \$750,000,000, and (C) the Senior Secured Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Dividends and any related Indebtedness, would not exceed 3.50 to 1.00, the then available Annual Credit; and

(iii) so long as (A) the Total Net Leverage Ratio, as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Dividends and any related Indebtedness, would not exceed 3.5 to 1.0 and (B) the Senior Secured Net Leverage Ratio as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Dividends and any related Indebtedness, would not exceed 3.50 to 1.00, such additional amounts as the Designated Company may determine (the cumulative amount of Dividends made after the Closing Date under this clause (iii) at any time that the Total Net Leverage Ratio, as of the last day of the four consecutive fiscal quarter period of the Designated Company then last ended for which financial statements have been (and are required to have been) delivered under Section 5.01(a) or (b), calculated on a Pro Forma Basis after giving effect to such Dividends, would exceed 2.0 to 1.0, referred to as the "Dividend Recapture Amount");



























any part of the Guaranteed Obligations or against any collateral security or guarantee therefor or right of offset with respect thereto. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and the Co-Borrowers and the respective successors and assigns thereof, and shall inure to the benefit of the Lenders and the other Secured Parties, and their respective successors and assigns, notwithstanding that from time to time during the term of this Agreement there may be no Guaranteed Obligations outstanding.

Section 7.03 Reinstatement. The obligations of the Guarantors under this ARTICLE VII shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Co-Borrower or other Loan Party in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization pursuant to any Debtor Relief Law or otherwise. The Guarantors and the Co-Borrowers jointly and severally agree that they will indemnify each Secured Party on demand for all reasonable costs and expenses (including reasonable fees of counsel) incurred by such Secured Party in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any Debtor Relief Law, other than any costs or expenses determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the bad faith or willful misconduct of such Secured Party.

Section 7.04 Subrogation; Subordination. Each Guarantor and each Co-Borrower hereby agrees that until the indefeasible and irrevocable payment and satisfaction in full in cash of all Guaranteed Obligations and the expiration and termination of the Commitments of the Lenders under this Agreement it shall waive any claim and shall not exercise any right or remedy, direct or indirect, arising by reason of any performance by it of its guarantee in Section 7.01, whether by subrogation or otherwise, against any other Co-Borrower or any other Guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations. Any Indebtedness of any Loan Party permitted pursuant to Section 6.01(d) shall be subordinated to such Loan Party's Secured Obligations in a manner reasonably satisfactory to the Administrative Agent.

Section 7.05 Remedies. The Guarantors jointly and severally agree that, as between the Guarantors and the Lenders, the obligations of the Co-Borrowers under this Agreement and the Notes, if any, may be declared to be forthwith due and payable as provided in Section 8.01 (and shall be deemed to have become automatically due and payable in the circumstances provided in Section 8.01) for purposes of Section 7.01, notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Co-Borrowers and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Co-Borrower) shall forthwith become due and payable by the Guarantors for purposes of Section 7.01.

Section 7.06 Instrument for the Payment of Money. Each Guarantor and each Co-Borrower hereby acknowledges that the guarantee in this ARTICLE VII constitutes an instrument for the payment of money, and consents and agrees that any Lender or Agent, at its sole option, in the









Section 7.12 Swiss Guarantors. If and to the extent that (i) the obligations under this ARTICLE VII of any Swiss Guarantor are for the exclusive benefit of any of such Swiss Guarantor's Affiliates (other than such Swiss Guarantor's direct or indirect Subsidiaries) and (ii) complying with the obligations under this ARTICLE VII would constitute a repayment of capital (restitution des apports) or the payment of a (constructive) dividend (distribution de dividende), the following shall apply:

(a) The aggregate obligations under this ARTICLE VII of any Swiss Guarantor shall be limited to the maximum amount of such Swiss Guarantor's profits and reserves available for distribution, in each case in accordance with, without limitation, articles 671 para.1 to 3 and 675 para.2 of the Swiss Code of Obligations (the "Available Amount") at the time any Swiss Guarantor makes a payment under this ARTICLE VII (provided such limitation is still a legal requirement under Swiss law at that time).

(b) Immediately after having been requested to make a payment under this ARTICLE VII (the "Guarantee Payment"), each Swiss Guarantor shall (i) provide the Administrative Agent, within thirty (30) Business Days from being requested to make the Guarantee Payment, with (1) an interim audited balance sheet prepared by the statutory auditors of the applicable Swiss Guarantor, (2) the determination of the Available Amount based on such interim audited balance sheet as computed by the statutory auditors, and (3) a confirmation from the statutory auditors that the Available Amount is the maximum amount which can be paid by the Swiss Guarantor under this ARTICLE VII without breaching the provisions of Swiss corporate law, which are aimed at protecting the share capital and legal reserves, and (ii) upon receipt of the confirmation referred to in the preceding sentence under (3) and after having taken all actions required pursuant to paragraph (d) below, make such Guarantee Payment in full (less, if required, any Swiss Withholding Tax).

(c) If so required under Swiss law (including double tax treaties to which Switzerland is a party) at the time it is required to make a payment under this ARTICLE VII or the Security Documents, the applicable Swiss Guarantor (1) may deduct the Swiss Withholding Tax at the rate of 35% (or such other rate as may be in force at such time) from any payment under this ARTICLE VII or the Security Documents, (2) may pay the Swiss Withholding Tax to the Swiss Federal Tax Administration, and (3) shall notify and provide evidence to the Administrative Agent that the Swiss Withholding Tax has been paid to the Swiss Federal Tax Administration. To the extent the Guarantee Payment due is less than the Available Amount, the applicable Swiss Guarantor shall be required to make a gross-up, indemnify or otherwise hold harmless the Secured Parties for the deduction of the Swiss Withholding Tax, it being understood that at no time shall the Guarantee Payment (including any gross-up or indemnification payment pursuant to this paragraph (c) and including any Swiss Withholding Tax levied thereon) exceed the Available Amount. The applicable Swiss Guarantor shall use its best efforts to ensure that any person which is, as a result of a payment under this ARTICLE VII, entitled to a full or partial refund of the Swiss Withholding Tax, shall as soon as possible after the deduction of the Swiss Withholding Tax (i) request a refund of the Swiss Withholding Tax under any applicable law (including double tax treaties) and (ii) pay to the Administrative Agent for distribution to the applicable Secured Parties upon receipt any



















be expressly provided for herein or in the other Loan Documents); provided that such Agent shall not be required to take any action that, in its judgment or the judgment of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable Requirements of Law; and

(iii) shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Designated Company or other Loan Party or any of its Affiliates that is communicated to or obtained by the person serving as such Agent or any of its Affiliates in any capacity.

(b) Notwithstanding anything to the contrary in any Loan Document, no Agent shall be liable for any action taken or not taken by it (x) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.01 and 11.02) or (y) in the absence of its own gross negligence or willful misconduct. No Agent shall be deemed to have knowledge of, or be required to take any action in connection with, any Default unless and until notice describing such Default is given to such Agent by the Designated Company or a Lender.

(c) No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in ARTICLE IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent. Without limiting the generality of the foregoing, the use of the term “agent” in this Agreement with reference to the Administrative Agent or the Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

(d) No Agent shall be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Agents shall not (x) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, to any Disqualified Institution.







Section 10.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Agents (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether any Agent shall have made any demand on any Co-Borrower or any Guarantor) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Secured Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Agents and the other Secured Parties (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agents and their respective agents and counsel and all other amounts due the Secured Parties and the Agents hereunder) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Secured Party to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Secured Parties, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due the Agents hereunder. Nothing contained herein shall be deemed to authorize any Agent to authorize or consent to or accept or adopt on behalf of any Secured Party any plan of reorganization, arrangement, adjustment or composition affecting the Secured Obligations or the rights of any Secured Party to authorize any Agent to vote in respect of the claim of any Secured Party in any such proceeding.

Section 10.10 Concerning the Collateral and the Related Loan Documents. Each Lender authorizes and directs the Agents to enter into this Agreement and the other Loan Documents, including the Intercreditor Agreement and to perform their obligations thereunder. Each Lender agrees that any action taken by the Agents or Required Lenders in accordance with the terms of this Agreement or the other Loan Documents, including the Intercreditor Agreement, and the exercise by the Agents or Required Lenders of their respective powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders.

Section 10.11 Release. Each Lender and each Issuer hereby releases each Agent acting on its behalf pursuant to the terms of this Agreement or any other Loan Document from the restrictions of Section 181 of the German Civil Code (Bürgerliches Gesetzbuch) (restriction on self-dealing).

Section 10.12 Acknowledgment of Security Trust Deed. Each Secured Party acknowledges the terms of the Security Trust Deed and, in particular, the terms, basis and limitation on which the Collateral Agent holds the "Transaction Security" (as defined therein) and specifically agrees and

accepts (i) such terms, basis and limitation; (ii) that the Collateral Agent shall, as trustee, have only those duties, obligations and responsibilities expressly specified in the Security Trust Deed; (iii) the limitation and exclusion of the Collateral Agent's liability as set out therein; and (iv) all other provisions of the Security Trust Deed as if it were a party thereto.

Section 10.13 Secured Hedging Agreements. Except as otherwise expressly set forth herein or in any Guarantee or any Security Document, no Secured Hedge Provider that obtains the benefits of Section 8.03, any Guarantee or any Collateral by virtue of the provisions hereof or of any Guarantee or any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article X to the contrary, no Agent shall be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Hedging Obligations owing to Secured Hedge Providers unless such Agent has received written notice of such Obligations, together with such supporting documentation as such Agent may request, from the applicable Secured Hedge Provider.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Notices.

(a) Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

(i) if to any Loan Party, to the Borrower at:

Novelis Inc.
Two Alliance Center
3560 Lenox Road, Suite 2000
Atlanta, GA 30326
Attention: Randal P. Miller
Telecopier No.: 404-760-0124
Email: randy.miller@novelis.adityabirla.com

with a copy to:

Novelis Inc.
Two Alliance Center
3560 Lenox Road, Suite 2000
Atlanta, GA 30326

























RELATED EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION OR PREPARATION THEREFOR), WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNITEE.

(c) Reimbursement by Lenders. To the extent that any Loan Party for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section 11.03 to be paid by it to the Administrative Agent (or any sub-agent thereof), the Collateral Agent (or any sub-agent thereof) or any Receiver or any Related Party thereof, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Collateral Agent (or any such sub-agent) such Receiver or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), the Collateral Agent (or any such sub-agent) or the Receiver, in each case, in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), the Collateral Agent (or any such sub-agent) or the Receiver in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Section 2.14(g). For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the total outstanding Term Loans and unused Commitments of all Lenders at the time (or if the Term Loans have been repaid in full and the Commitments have been terminated, based upon its share of the Term Loans immediately prior to such repayment).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Requirements of Law, no Loan Party shall assert, and each Loan Party hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable not later than three (3) Business Days after demand therefore accompanied by reasonable particulars of amounts due.

(f) Survival. The agreements in this Section shall survive the resignation of either or both of the Administrative Agent or the Collateral Agent, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the Obligations







Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section 11.04, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Section 2.12, Section 2.13, Section 2.15, Section 2.16, Section 7.10 and Section 11.03 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section 11.04. In the event of a transfer by novation of all or part of its rights and obligations under this Agreement by a Lender, such Lender expressly reserves the rights, powers, privileges and actions that it enjoys under any Security Documents governed by French law in favor of its Eligible Assignee, in accordance with the provisions of article 1334 et seq. of the French Code civil.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Co-Borrowers (and such agency being solely for tax purposes), shall, at all times at the Administrative Agent's Office, while any Loans are outstanding, maintain a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Co-Borrowers, the Administrative Agent and the Lenders shall treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall maintain in the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by the Collateral Agent, the Co-Borrowers and any Lender (with respect to its own interest only), at any reasonable time and from time to time upon reasonable prior notice. During any period that the Borrower is required to deliver a certificate pursuant to Section 2.15(l)(v), the Administrative Agent shall, if requested by any Co-Borrower, promptly provide the Borrower with copies of each Assignment and Assumption delivered to the Administrative Agent. The requirements of this Section 11.04(c) are intended to result in any and all Loans being in "registered form" for purposes of Section 871, Section 881 and any other applicable provision of the Code, and shall be interpreted and applied in a manner consistent therewith. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of each Co-Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Commitments and Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that













THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 11.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 11.12 Treatment of Certain Information; Confidentiality. Each Agent and each Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates (including its head office, branch or representative offices) and to its and its Affiliates' respective partners, directors, officers, employees, agents, trustees, advisors, service providers and other representatives (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Requirements of Law, stock exchange requirement, or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 11.12, to (i) any assignee of or Participant or sub-Participant in, or any prospective Lender, or prospective assignee of or Participant or sub-Participant in, any of its rights or obligations under this Agreement, (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to any Loan Party and its obligations or (iii) any rating agency for the purpose of obtaining a credit rating applicable to any Lender, (g) with the consent of the Designated Company or the applicable Loan Party, (h) to insurers, insurance brokers and other credit protection and service providers of any Agent, Lender, or any of their respective Affiliates who are under a duty of confidentiality to such Agent, Lender or Affiliate, (i) to any Federal Reserve Bank or any other central bank with jurisdiction over such Person in connection with a pledge or assignment in accordance with Section 11.04(f) or (j) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Loan Parties. For purposes of this Section, "Information" shall mean all written information received from a Loan Party or any of its Subsidiaries relating to the Loan Parties or any of their Subsidiaries or any of their respective businesses, other than any such information that is available to any Agent or any Lender on a nonconfidential basis prior to disclosure by any Loan Party or any of their Subsidiaries, provided that, in the case of information received from any Loan Party or any of their Subsidiaries after the Closing Date, such information is clearly identified at the time of delivery as confidential. Any person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such Information as such person would accord to its own confidential information.



























Reorganization or the Quota Sale, in order to assist the Administrative Agent in making the determination described above.

Section 11.34 Termination. All agreements, covenants, representations, warranties, rights, duties and obligations of each Party set forth in this Agreement and each other Loan Document shall terminate in all respects at 5:00 p.m., New York City time on the Agreement Termination Date if the Closing Date has not occurred on or prior to such time. Notwithstanding anything to the contrary contained in this Agreement or in any other Loan Document, the provisions of Section 2.12, Section 2.14, Section 2.15, Section 2.16, Section 7.10, ARTICLE X, Section 11.03, Section 11.09, Section 11.10, Section 11.18, and Section 11.19 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

Section 11.35 Lender Authorizations. The Lenders authorize and direct (i) each of the Administrative Agent and the Collateral Agent to execute and deliver any Security Documents, amendments to Security Documents or amendments and restatements of Security Documents, in each case, related to any amendment to, or amendment and restatement of, the Revolving Credit Agreement; provided, that immediately after giving effect to such documents, amendments and amendments and restatements, the scope of the Collateral pledged is no less than the Collateral pledged immediately prior to giving effect to such documents, amendments and amendments and restatements and (ii) in connection with the NKL Share Repurchase, the Collateral Agent to return any share certificates representing Equity Interests in NKL and sign any documentation required to give effect to the NKL Share Repurchase; provided, that after giving effect to the NKL Share Repurchase, certificates representing 100% of the Equity Interests in NKL held by Loan Parties are promptly delivered to the Collateral Agent or its counsel along with such other documentation required to pledge such Equity Interests to the Collateral Agent.

Section 11.36 Dutch Parallel Debt in Relation to the Dutch Security Agreements. For the purpose of any Dutch Security Agreements and all security interests created thereunder:

(a) In this Section 11.36: “Dutch Corresponding Debt” shall mean all Secured Obligations of a Loan Party but excluding its Dutch Parallel Debt:

(b) Notwithstanding any other provision of this Agreement or any other Loan Document, each Loan Party hereby irrevocably and unconditionally undertakes insofar as necessary, in advance, to pay to the Collateral Agent, as creditor in its own right and not as representative of the other Secured Parties, sums equal to and in the currency of each amount payable by such Loan Party to each of the Secured Parties as Dutch Corresponding Debt and when that amount falls due for payment under the relevant Loan Document or would have fallen due but for any discharge resulting from failure of another Secured Party to take appropriate steps to preserve its entitlement to be paid that amount (such payment undertakings, obligations and liabilities which are the result thereof, hereinafter referred to as the “Dutch Parallel Debt”).







Certification

I, Steven Fisher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Novelis Inc. (Novelis);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Steven Fisher

Steven Fisher

President and Chief Executive Officer
(Principal Executive Officer)

Date: February 11, 2020

Certification

I, Devinder Ahuja, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Novelis Inc. (Novelis);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Devinder Ahuja

Devinder Ahuja

Chief Financial Officer

(Principal Financial Officer)

Date: February 11, 2020

**Certification Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Novelis Inc. (Novelis), hereby certifies that Novelis' Quarterly Report on Form 10-Q for the period ended December 31, 2019 (Report) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Novelis.

/s/ Steven Fisher

Steven Fisher

President and Chief Executive Officer

(Principal Executive Officer)

Date: February 11, 2020

of this Report.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part

**Certification Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Novelis Inc. (Novelis), hereby certifies that Novelis' Quarterly Report on Form 10-Q for the period ended December 31, 2019 (Report) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Novelis.

/s/ Devinder Ahuja

Devinder Ahuja

Chief Financial Officer

(Principal Financial Officer)

Date: February 11, 2020

of this Report.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part