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Novelis To Exit Aluminum Casting Alloys Business In Europe

ATLANTA, Nov. 3 /PRNewswire-FirstCall/ -- Novelis Inc. (NYSE: NVL; Toronto) announced today that it will exit the European aluminum casting alloys business. This will result in the closure of the company's casting alloys operation in Borgofranco, Italy, by the end of March 2006. The plant currently employs 105 people.

Novelis today formally informed the relevant authorities and unions of the closure decision, as required by Italian law 223/91.

"The casting alloys business is not a core part of the Novelis strategy," said Chris Bark-Jones, president of Novelis Europe. "We are focused on enhancing our product portfolio in high-value rolled-products markets where we enjoy technological leadership. The Borgofranco operation is not related to our rolling business and is not significantly linked to any of our other facilities."

"In addition," he continued, "the plant operates in an environment of unfavourable economic conditions and structural overcapacity. The facility is disadvantaged in terms of scale, technical capability and cost base. As a result, it has become increasingly less competitive in today's marketplace. Despite the efforts made by the plant's employees, it has recorded consistent losses. All options, including a sale of the plant, have been fully evaluated, but we believe there is no feasible way of sustainably operating the plant."

As part of the environmental remediation of the site, the salt cake recycling unit will continue to operate for a limited period in order to support the elimination of the salt cake by-product at the facility.

Novelis Inc. expects to incur a charge of approximately \$24 million for the plant closure. Additional information regarding the charge will be available in the coming weeks. The final closure of the facility will benefit Novelis Europe since the losses associated with Borgofranco will be eliminated.

"We have informed our employees of the decision today and formal consultation will start shortly," said Mario Allet, Novelis plant manager at Borgofranco. "We recognize the impact that this announcement will have on our people, their families and the local community. We are committed to carrying out a full and open consultation process with the unions, as soon as they request, in order to minimize the social impact of this decision."

Novelis, which was spun-off by Alcan on January 6, 2005, is the global leader in aluminum rolled products and aluminum can recycling. The Company has 36 operating facilities in 11 countries and more than 13,000 dedicated employees. Novelis has the unparalleled capability to provide its customers with a regional supply of high-end rolled aluminum products throughout Asia, Europe, North America, and South America. Through its advanced production capabilities, the Company supplies aluminum sheet and foil to the

automotive and transportation, beverage and food packaging, construction and industrial, and printing markets. For more information on Novelis, visit www.novelis.com.

Statements made in this news release which describe Novelis's intentions, expectations or predictions (e.g., the amount of charges we expect to incur) may be forward-looking statements within the meaning of securities laws. Novelis cautions that, by their nature, forward-looking statements involve risk and uncertainty and that Novelis's actual results could differ materially from those expressed or implied in such statements. Reference should be made to Novelis's registration statement on form S-4 filed with the Securities and Exchange Commission for a discussion of major risk factors.

SOURCE Novelis Inc.

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