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Novelis

Novelis Reacts to Verdict in Rusal Lawsuit Against LME

President and CEO says Ruling will be Destructive to Market

ATLANTA, March 28, 2014 /PRNewswire/ -- Novelis Inc. President and Chief Executive Officer Phil Martens issued the following statement today in response to Thursday's ruling by the UK High Court regarding planned changes to aluminum warehousing rules by the London Metal Exchange (LME):



"We are very disappointed with the outcome of the legal process in the UK," said Martens. "We have worked closely with the LME and other stakeholders for two-and-a-half years to push for changes. Unfortunately, Rusal's unilateral action resulting in this court decision will stifle the LME's proposal to alleviate the unprecedented backlog at LME warehouses and will be very destructive to the market.

"It is indefensible that queues of more than a year exist at warehouses and unconscionable that players in the aluminum market are actively working to maintain the status quo to protect artificially inflated premiums. The divergence between the LME price and the physical market price is undermining the credibility of the industry's pricing discovery process and causing havoc in the fabricating and consuming end of the industry. This is a global issue.

"Primary aluminum producers, traders and banks have created an artificial global shortage and driven spot premiums to ridiculously high levels. The change in the LME load out rate was intended to restore equity in the LME system and remove the queues which are directly responsible for driving up the premiums in the first place.

"This recent legal action taken outside of the LME's consultation process is grievous -- it sanctions the continuation of this destructive regime. At the same time, the producers are continuing to make outsized windfall gains, which a year ago we estimated to be \$3 billion, but are now twice that level. This exploitation of an artificial market squeeze appears to us to be blatant, and the effects are being felt further down the supply chain and ultimately by the end consumer.

"Novelis had hoped that the LME changes together with possible regulatory actions would identify any wrong doing that may have taken place and dramatically improve the scrutiny of the market and market convergence. The court decision, unfortunately, throws yet another wrench in the works and does nothing to settle the ongoing supply chain risk to aluminum fabricators and beverage marketers and other customers where premiums are at the highest levels in history."

About Novelis

Novelis Inc. is the global leader in aluminum rolled products and the world's largest recycler of aluminum. The company operates in nine countries, has approximately 11,000 employees and reported revenue of \$9.8 billion for its 2013 fiscal year. Novelis supplies premium aluminum sheet and foil products to automotive, transportation, packaging, construction, industrial and consumer electronics markets throughout North America, Europe, Asia and South America. The company is part of the Aditya Birla Group, a multinational conglomerate based in Mumbai, India. For more information, visit www.novelis.com and follow us on Twitter at twitter.com/Novelis.

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