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Novelis Takes Further Restructuring Actions To Improve European Business

ATLANTA, Aug. 31 /PRNewswire-FirstCall/ -- Novelis Inc. (NYSE: NVL) (TSX: NVL) today announced additional steps in its ongoing initiative to improve its business in Europe, including a review of strategic alternatives for its Foil and Technical Products business unit.

Novelis also announced the proposed restructuring of its European central management and administration activities in Zurich to reduce overhead costs and streamline support functions. In addition, the Company is proposing to exit the Neuhausen Technology Center in Switzerland. The Company would expect to incur \$6 million of costs associated with the proposed restructuring of the management and administration activities and exiting the R & D center. Expected savings from these actions approximate \$10 million per year.

The Company stated that all the elements of the proposed restructuring will be conducted in full compliance with work rules and labor laws pertinent to the regions in which the facilities are located.

"The initiatives we are announcing today support Novelis' corporate strategy of enhancing our high-end product portfolio and improving our cost position," stated William T. Monahan, Chairman and Interim Chief Executive Officer. "While our Foil and Technical Products unit in Europe is a strong business, we have decided to explore all strategic alternatives, including divestment of the business."

The Foil and Technical Products business comprises six plants -- one in France, three in Germany, one in Luxembourg, and one in the United Kingdom -- that produce aluminum foil used primarily in packaging and industrial markets. Together these plants employ 2,100 people.

Arnaud de Weert, President of Novelis Europe, stated, "The proposed steps to simplify our central management and administration in Europe involve reducing overhead and shifting some of these activities into our market- oriented business units and plants. These facilities will become the focal point of the Company's business activities and will allow us to move even closer to the customer. This, in turn, will enable us to make our European footprint more efficient and more competitive."

Novelis' proposed administrative reorganization includes significantly streamlining the central team that leads overall strategy, coordination and compliance from Novelis Europe's corporate office in Zurich and transferring support functions -- including Research and Technology, Continuous Improvement and most Human Resources and Planning and Purchasing activities -- into the respective business units. These proposed actions will facilitate a more efficient regional system and an even greater focus on customers.

As part of this effort and to promote closer involvement of the operations in the development of new product innovations, Novelis is proposing to exit the Neuhausen technology lab and

concentrate key resources in technology market centers of excellence in Europe and in the Novelis Global Technology Center located in Kingston, Ontario, Canada.

Novelis began to restructure its European operations in 2005. That year the Company closed two facilities -- one in Flemalle, Belgium, and one in Falkirk, Scotland. To date in 2006 it has sold a rolling mill in Annecy, France, closed its Borgofranco casting alloys site in Italy, and reorganized its Ohle and Ludenscheid foil operations in Germany.

Novelis Inc. is the global leader in aluminum rolled products and beverage can recycling. The company operates in 11 countries and employs approximately 12,500 people. Novelis offers the unrivaled capability to provide its customers with a regional supply of technologically sophisticated 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, visit <http://www.novelis.com>.

Statements made in this news release which describe Novelis' intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Examples of forward-looking statements in this news release include, among other matters, our proposals to reduce corporate overhead and stream line support functions through the reorganization of our European operations, to explore strategic options for our Foil and Technical Products business unit in Europe, and to exit our Neuhausen Technology Center. Novelis cautions that, by their nature, forward- looking statements involve risk and uncertainty and that Novelis' actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: the level of our indebtedness and our ability to generate cash; relationships with, and financial and operating conditions of, our customers and suppliers; changes in the prices and availability of aluminum (or premiums associated with such prices) or other raw materials we use; the effect of metal price ceilings in certain of our sales contracts; the effectiveness of our hedging activities, including our internal used beverage can and smelter hedges; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing for future capital requirements; continuing obligations and other relationships resulting from our spin-off from Alcan; changes in the relative values of various currencies; factors affecting our operations, such as litigation, labor relations and negotiations, breakdown of equipment and other events; economic, regulatory and political factors within the countries in which we operate or sell our products, including changes in duties or tariffs; competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials; changes in general economic conditions; our ability to improve and maintain effective internal control over financial reporting and disclosure controls and procedures in the future; changes in the fair market value of derivatives; cyclical demand and pricing within the principal markets for our products as well as seasonality in certain of our customers' industries; changes in government regulations, particularly those affecting environmental, health or safety compliance; changes in interest rates that have the effect of increasing the amounts we pay under our principal credit agreements and other financing arrangements; the continued

cooperation of certain debtholders and regulatory authorities with respect to extensions of our 2006 filing deadlines; and the payment of special interest due to our failure to timely file our SEC reports and the payment of fees in connection with any related waivers or amendments to our principal debt agreements. The above list of factors is not exhaustive. Other important risk factors are included under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2005, as filed with the SEC, and may be discussed in subsequent filings with the SEC. Further, the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2005, as amended, are specifically incorporated by reference into this news release.

SOURCE Novelis Inc.

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