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Novelis Agrees To Sale Of Borgofranco Site

Jan 23, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Novelis Inc. (NYSE: NVL; Toronto) today announced an agreement with Atlante Srla for the sale of land in Borgofranco, Italy, that is currently occupied by a Novelis casting alloys plant. Novelis had previously announced its decision to close the facility by the end of March 2006. Atlante Srla, a new Italian energy company, plans to develop a business on the site and will take possession of approximately three-quarters of the land on April 1, 2006, with the balance transferring at a later date. Novelis will retain responsibility for environmental remediation of the site, including the elimination of any remaining salt cake byproduct from the casting alloys operation.

"While a site closure is always difficult, we believe that this agreement will provide the employees and the Borgofranco community the best possible option for future jobs in the area. We very much appreciate the role that Mr. Baruzzi, Mayor of Borgofranco, has played in facilitating the transaction," said Nick Madden, president of Can, Lithographic and Recycling for Novelis Europe.

The closure of the Borgofranco operation is part of Novelis' larger review of restructuring requirements in its European operations. When the company announced the decision to close the Borgofranco facility, it said it expected the impact of the closure to be a US\$24 million charge. Now that Novelis has reached an agreement to sell the land for a nominal amount, the previously announced charges have been reduced to \$16.5 million. For the second half of 2005, Novelis will record a charge of \$14 million for Borgofranco. Approximately \$6 million is for environmental remediation while the remainder is related to asset write-downs and redundancies. In the first quarter of 2006, Novelis will record an additional charge of approximately \$2.5 million for redundancy and decommissioning. The plant currently employs 105 people.

Novelis 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 employees. Novelis has the unrivaled capability to provide its customers with a regional supply of technically 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 www.novelis.com.

Statements made in this news release that describe Novelis' intentions, expectations or predictions 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' actual results could differ materially from those expressed or implied in such statements. Important factors which could cause such differences include an

increase in the price of aluminum (or premiums associated with such price), an increase in the price of derivative instruments, a default under the new can sheet contracts, an increase in energy costs, global supply and demand conditions for rolled aluminum products, changes in the relative value of various currencies, demand and pricing within the principal markets for the Company's products, changes in government regulations, particularly those affecting environmental, health or safety compliance, economic developments, relationships with (and financial or operating conditions of) customers and suppliers, competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials, and the level of our indebtedness and ability to generate cash and other factors relating to the Company's ongoing operations. Reference should be made to Novelis' registration statement on Form S-4, as amended, filed with the Securities and Exchange Commission for a discussion of major risk factors.

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