UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

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

for the fiscal year ended December 31, 2004.

or

o **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	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
3399 Peachtree Road NE Suite 1500 Atlanta, Georgia *(Address of principal executive offices)*	**30326** *(Zip Code)*

(404) 814-4200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(d) of the Securities Exchange Act of 1934:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, no par value	New York Stock Exchange
Common Share Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934:
None

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 o No ☑

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes o No ☑

The aggregate market value of the common equity held by non-affiliates of the registrant as of March 15, 2005 was approximately $1,550,676,873 based on the closing price of the registrant's common shares on the New York Stock Exchange on such date. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant. There was no trading market for the registrant's common shares as of the last business day of the registrant's most recently completed second fiscal quarter.

As of March 15, 2005, the registrant had 73,988,918 common shares outstanding.

TABLE OF CONTENTS

Special Note Regarding Forward-Looking Statements and Market Data

This document contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about the industry in which we operate and beliefs and assumptions made by our management. Such statements include, in particular, statements about our plans, strategies and prospects under the headings “Item 1. Business” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking 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.

All market position data relating to our company is based on information from Commodity Research Unit International Limited, or CRU, and management estimates. This information and these estimates reflect various assumptions and are not independently verified. Therefore, they should be considered in this context. 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, data concerning production capacity, product shipments and share of production. Actual market results may differ from those predicted. While we do not know what impact any of these differences may have on our business, our results of operations, financial condition and the market price of our securities may be materially adversely affected. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things:

- our separation from Alcan;
- the level of our indebtedness and our ability to generate cash following the separation;
- relationships with, and financial and operating conditions of, our customers and suppliers;
- changes in the prices and availability of raw materials we use;
- 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;
- changes in the relative values of various currencies;
- factors affecting our operations, such as litigation, labour 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;
- cyclical demand and pricing within the principal markets for our products as well as seasonality in certain of our customers' industries; and
- changes in government regulations, particularly those affecting environmental, health or safety compliance.

The above list of factors is not exclusive. Some of these and other factors are discussed in more detail under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Factors."

In this Annual Report on Form 10-K, unless otherwise specified, the terms "we," "our," "us," "company," "Group," "Novelis" and "Novelis Group" refer to Novelis Inc., a company incorporated in Canada under the Canadian Business Corporations Act, or CBCA, and include the businesses transferred to us by Alcan pursuant to the reorganization transactions described below.

Exchange Rate Data

We prepare our financial statements in U.S. dollars. The following table sets forth exchange rate information expressed in terms of Canadian dollars per U.S. dollar at the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New

York. You should note the rates set forth below may differ from the actual rates used in our accounting processes and in the preparation of our combined financial statements.

Year Ended December 31,	At period end	Average rate(1)	High	Low
2000	1.4995	1.4871	1.5600	1.4350
2001	1.5925	1.5519	1.6023	1.4933
2002	1.5800	1.5702	1.6128	1.5108
2003	1.2923	1.3916	1.5750	1.2923
2004	1.2034	1.2984	1.3970	1.1775
2005 (through March 18, 2005)	1.2027	1.2346	1.2562	1.1982

(1) The average of the noon buying rates on the last day of each month during the period.

All dollar figures herein are in U.S. dollars unless otherwise indicated.

PART I

Item 1. *Business*

Overview

We are the world's leading aluminum rolled products producer based on shipment volume in 2004, with total aluminum rolled products shipments of approximately 2,785 kilotonnes during that year. With operations on four continents comprised of 37 operating facilities in 12 countries, we are the only company of our size and scope focused solely on aluminum rolled products markets and capable of local supply of technically sophisticated products in all of these geographic regions. We had sales and operating revenues of $7.8 billion in 2004.

We describe in this Annual Report on Form 10-K the businesses we acquired from Alcan in the reorganization transactions, which we now operate, as if they were our businesses for all historical periods described. References to our shipment totals, results of operations and cash flows prior to January 1, 2004 do not include shipments from the facilities transferred to us by Alcan that were initially acquired by Alcan as part of the acquisition of Pechiney in December 2003.

As used in this Annual Report, "total shipments" refers to shipments to third parties of aluminum rolled products as well as ingot shipments, and references to "aluminum rolled products shipments" or "shipments" do not include ingot shipments. All tonnages are stated in metric tonnes. One metric tonne is equivalent to 2,204.6 pounds. One kilotonne, or kt, is 1,000 metric tonnes. 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.

Our History

We were formed as a Canadian corporation on September 21, 2004. On January 6, 2005 (which we refer to as the separation date), we acquired substantially all of the aluminum rolled products businesses held by Alcan prior to its acquisition of Pechiney in 2003, as well as certain alumina and primary metal-related businesses in Brazil formerly owned by Alcan and four rolling facilities in Europe that Alcan acquired from Pechiney in 2003. As part of this transaction, Alcan's capital was reorganized and our common shares were distributed to the then-existing shareholders of Alcan. The various steps pursuant to which we acquired our businesses from Alcan and distributed our shares to Alcan's shareholders are referred to herein as the reorganization transactions.

We inherited our basic management processes, structure, and values from Alcan. In 1902, the Canadian subsidiary of the Pittsburgh Reduction Company (later Alcoa Inc., or Alcoa) was first chartered as Northern Aluminum Company, Limited. When Alcoa divested most of its interests outside the United States in 1928, Alcan was formed as a separate company from Alcoa to assume control of most of these interests. In the following years, Alcan expanded globally building or acquiring hydroelectric power, smelting, packaging and fabricated product facilities.

The first Alcan rolling operation began in September 1916 in Toronto, Canada, with an 84-inch hot mill and three finishing mills. Many of our mills were originally constructed by Alcan, including many among the largest aluminum rolling operations in each of the geographic regions in which we operate including:

- Oswego, United States in 1963, a major producer of can sheet and industrial sheet;
- Norf, Germany in 1967, a joint venture, owned at 50%, which operates the largest hot mill rolling facility in the world in terms of capacity;
- Saguenay Works, Canada in 1971, which operates the largest capacity continuous caster in the world; and
- Pindamonhangaba, Brazil in 1977, the only South American plant capable of producing beverage can body and end stock.

More recent expansion has been through acquisitions and modernization of existing mills, including Alcan's acquisition of an interest in the Logan, Kentucky facility, which is dedicated to the production of can stock, from Arco Aluminum, or Arco, in 1985, our investment in a new production line at Logan which increased our share of the total production capacity from 40% to approximately 67%, as well as the purchase of a majority ownership interest in the Yeongju and Ulsan facilities in Korea in 1999 and 2000, respectively. Alcan's acquisition of Alusuisse Group Ltd. in 2000 and Pechiney in 2003 provided us with additional sheet and foil rolling facilities.

Our Industry

The aluminum rolled products market represents the supply of and demand for aluminum sheet, plate and foil produced either from sheet ingot or continuously cast roll-stock in rolling mills operated by independent aluminum rolled products producers and integrated aluminum companies alike.

Aluminum rolled products are semi-finished aluminum products that constitute the raw material for the manufacture of finished goods ranging from automotive body panels to household foil. There are two major types of manufacturing processes for aluminum rolled products differing mainly in the process used to achieve the initial stage of processing:

- "hot mills" that require sheet ingot, a rectangular slab of aluminum, as starter material; and
- "continuous casting mills" that can convert molten metal directly into semi-finished sheet.

Both processes require subsequent rolling, which we call cold rolling, and finishing steps such as annealing, coating, leveling or slitting to achieve the desired thicknesses and metal properties. Most customers receive shipments in the form of aluminum coil, a large roll of metal, which can be fed into their fabrication processes.

There are two sources of input material: primary aluminum, such as molten metal, re-melt ingot and sheet ingot, and recycled aluminum, such as recyclable material from fabrication processes, which we refer to as recycled process material, used beverage cans and other post-consumer aluminum.

Primary aluminum can generally be purchased at prices set on the London Metal Exchange, or LME, plus a premium that varies by geographic region of delivery, form (ingot or molten metal) and alloy.

Recycled aluminum is also an important source of input material. Aluminum is infinitely recyclable and recycling it requires approximately 5% of the energy needed to produce primary aluminum. As a result, in regions where aluminum is widely used, manufacturers are active in setting up collection processes in which used beverage cans and other recyclable aluminum are collected for re-melting at purpose-built plants. Manufacturers may also enter into agreements with customers who return recycled process material and pay to have it re-melted and rolled into the same product again.

There has been a long term industry trend towards lighter gauge (thinner) rolled products, which we refer to as downgauging, where customers request products with similar properties using less metal in order to reduce costs and weight. For example, aluminum rolled products producers and can fabricators have continuously developed thinner walled cans with the same strength as previous generation containers, resulting in a lower cost unit. As a result of this trend, aluminum tonnage across the spectrum of aluminum rolled products, and particularly for the beverage/food cans end-use market, has declined on a per unit basis, but actual rolling machine hours per unit have increased. Because the industry has historically tracked growth based on aluminum tonnage shipped, we believe the downgauging trend may contribute to an understatement of the actual growth of revenue attributable to rolling in some end-use markets.

End-use Markets

Aluminum rolled products companies produce and sell a wide range of aluminum rolled products, which can be grouped into four end-use markets based upon similarities in end-use applications: construction and industrial, beverage/food cans, foil products and transportation. Within each end-use market, aluminum rolled products are manufactured with a variety of alloy mixtures, a range of tempers (hardness), gauges

(thickness) and widths, and various coatings and finishes. Large customers typically have customized needs resulting in the development of close relationships with their supplying mills and close technical development relationships. Refer to “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” for information regarding the percentage of our sales and operating revenues derived from each of these end-use markets.

Construction and Industrial. Construction is the largest application within this end-use market. Aluminum rolled products developed for the construction industry are often decorative, offer insulating properties, are durable and corrosion resistant, and have a high strength-to-weight ratio. Aluminum siding, gutters, and downspouts comprise a significant amount of construction volume. Other applications include doors, windows, awnings, canopies, façades, roofing and ceilings.

Aluminum’s ability to conduct electricity and heat and to offer corrosion resistance makes it useful in a wide variety of electronic and industrial applications. Industrial applications include electronics and communications equipment, process and electrical machinery and lighting fixtures. Uses of aluminum rolled products in consumer durables include microwaves, coffee makers, flat screen televisions, air conditioners (which use finstock in heat exchangers), pleasure boats and cooking utensils.

Another industrial application is lithographic sheet. Print shops, printing houses and publishing groups use lithographic sheet to print books, magazines, newspapers and promotional literature. In order to meet the strict quality requirements of the end-users, lithographic sheet must meet demanding metallurgical, surface and flatness specifications.

Beverage/ Food Cans. Beverage cans are the largest aluminum rolled products application, accounting for approximately a quarter of worldwide shipments in 2004, according to CRU. The recyclability of aluminum cans enables them to be used, collected, melted, and returned to the original product form many times, unlike steel, paper or polyethylene terephthalate plastic, or PET plastic, which deteriorate with every iteration. Aluminum beverage cans also offer advantages in fabricating efficiency and shelf life. Fabricators are able to produce and fill beverage cans at very high speeds, and non-porous aluminum cans provide longer shelf life than PET plastic containers. Aluminum cans are light, stackable and use space efficiently, making them convenient and cost efficient to ship. Downgauging and changes in can design help to reduce total costs on a per can basis and contribute to making aluminum more competitive with substitute materials.

Beverage can sheet is sold in coil form for the production of can body, ends and tabs. The material can be ordered as rolled, degreased, pre-lubricated, pre-treated and/or lacquered. Typically, can makers define their own specifications for material to be delivered in terms of alloy, gauge, width, and surface finish.

Other applications in this end-use market include food cans and screw caps for the beverage industry.

Foil Products. Aluminum, because of its relatively light weight, recyclability and formability, has a wide variety of uses in packaging. Converter foil is very thin aluminum foil, plain or printed, that is typically laminated to plastic or paper to form an internal seal for a variety of packaging applications including juice boxes, pharmaceuticals, food pouches, cigarette packaging and lid stock. Customers order coils of converter foil in a range of thicknesses from 6 microns to 60 microns.

Household foil includes home and institutional aluminum foil wrap, sold as a branded or generic product. Known in the industry as packaging foil, it is manufactured in thicknesses from 11 microns to 23 microns. Container foil is used to produce semi-rigid containers such as pie plates and take-out food trays and is usually ordered in a range of thicknesses from 60 microns to 200 microns.

Transportation. Heat exchangers, such as radiators and air conditioners, is an important application for aluminum rolled products in the truck and automobile categories of the transportation end-use market. Original equipment manufacturers also use aluminum sheet with specially treated surfaces and other specific properties for interior and exterior applications. Newly developed alloys are being used in transportation tanks and rigid containers that allow for safer and more economical transportation of hazardous and corrosive goods.

There has been recent growth in certain geographic markets in the use of aluminum rolled products in automotive body panel applications, including hoods, deck lids, fenders and lift gates. These uses typically

result from co-operative efforts between aluminum rolled products manufacturers and their customers that yield tailor-made solutions for specific requirements in alloy selection, fabrication procedure, surface quality and joining. We believe the recent growth in automotive body panel applications is due in part to the lighter weight, better fuel economy and performance associated with this application.

Aluminum rolled products are also used in aerospace applications, a segment of the transportation market in which we do not compete. Aerospace-related consumption of aluminum rolled products has historically represented a relatively small portion of total aluminum rolled products market shipments.

Aluminum is also used in the construction of ships' hulls and superstructures and passenger rail cars because of its strength, light weight, formability and corrosion resistance.

Market Structure

The aluminum rolled products industry is characterized by economies of scale, significant capital investments required to achieve and maintain technological requirements, and demanding customer qualification standards. The service and efficiency demands of large customers have encouraged consolidation among suppliers of aluminum rolled products. To overcome these obstacles in small but growing markets, established Western companies have entered into joint ventures with local companies to provide necessary product and process know-how and capital.

While our customers tend to be increasingly global, many aluminum rolled products tend to be produced and sold on a regional basis. The regional nature of the markets is influenced in part by the fact that not all mills are equipped to produce all types of aluminum rolled products. For instance, only a few mills in Europe, a few mills in Asia, and one mill in South America, our Pindamonhangaba, or Pinda, facility, produce beverage can body and end stock. In addition, individual aluminum rolling mills generally supply a limited range of end-use applications, and seek to maximize profits by producing high volumes of the highest margin mix given available capacity and equipment capabilities.

Certain multi-purpose common alloy and plate rolled products are imported into Europe and North America from producers in emerging markets, such as Brazil, Africa, Russia and China. However, at this time we believe that these producers are generally unable to meet the quality requirements, lead times and specifications of customers for more demanding applications. In addition, high freight costs, import duties, inability to take back recycled aluminum, lack of technical service capabilities and long lead-times mean that many developing market exporters are viewed as second-tier suppliers. Therefore, many of our customers in the Americas, Europe and Asia do not look to suppliers in these emerging markets for a significant portion of their requirements.

Competition

The aluminum rolled products market is highly competitive. We face competition from a number of companies in all of the geographic regions and end-use markets in which we operate. Our primary competitors in North America are Alcoa, Aleris International, Inc., Wise Metal Group LLC, Norandal Aluminum, Corus Group Plc, Arco Aluminum, Inc. and Alcan; our primary competitors in Europe are Norsk Hydro A.S.A., Alcan, Alcoa and Corus; our primary competitors in Asia-Pacific are Unifus Aluminum Co., Sumitomo Light Metal Company, Ltd., Kobe Steel Ltd. and Alcoa; and our primary competitors in South America are Companhia Brasileira de Alumínio, Alcoa and Aluar Aluminio Argentino. The factors influencing competition vary by region and end-use market but generally, we compete on the basis of our value proposition, including price, product quality, the ability to meet customers' specifications, range of products offered, lead times, technical support and customer service. In some regions and end-use markets, competition is also affected by fabricators' requirements that suppliers complete a qualification process to supply their plants. This process can be rigorous and may take many months to complete. As a result, obtaining business from these customers can be a lengthy and expensive process; however, the ability to obtain and maintain these qualifications can represent a competitive advantage.

In addition to competition from within the aluminum rolled products industry, we, as well as other aluminum rolled products manufacturers, face competition from non-aluminum materials, as fabricators and end-users have, in the past, demonstrated a willingness to substitute other materials for aluminum. In the beverage/food cans end-use market, aluminum rolled products' primary competitors are glass, PET plastic and steel. In the transportation end-use market, aluminum rolled products compete mainly with steel. Aluminum competes with wood, plastic and steel in building products applications. Factors affecting competition with substitute materials include price, ease of manufacture, consumer preference and performance characteristics.

Key Factors Affecting Supply and Demand

The following factors have historically affected the demand for aluminum rolled products:

Economic Growth. We believe that economic growth is the single largest driver of aluminum rolled products demand. In mature markets, growth in demand has typically correlated closely with growth in industrial production. In emerging markets such as China, growth in demand typically exceeds industrial production growth largely because of expanding infrastructures, capital investments and rising incomes that often accompany economic growth in these markets.

Substitution Trends. Manufacturers' willingness to substitute other materials for aluminum in their products and competition from substitution materials suppliers also affect demand. For example, in North America, competition from PET plastic containers and glass bottles, and changes in consumer preferences in beverage containers, have, in recent years, reduced the growth rate of aluminum can sheet in North America from the high rates experienced in the 1970s and 1980s. Despite changes in consumer preferences, North American aluminum beverage can shipments have remained at approximately 100 billion cans per year since 1994 according to the Can Manufacturers' Institute.

LME and Local Currency Effect. U.S. dollar denominated trading of primary aluminum on the LME has two primary effects on demand. First, significant shifts between the value of the local currency of the end-user and the U.S. dollar may affect the cost of aluminum to the end-user relative to substitute materials, depending on the cost of the substitute material in local currency. Second, the uncertainty of primary metal movements on the LME may discourage product managers in industries such as automotive from making long term commitments to use aluminum parts. Long term forward contracts can be used by manufacturers to reduce the impact of LME price volatility.

Downgauging. Increasing technological and asset sophistication has enabled aluminum rolling companies to offer consistent or even improved product strength using less material, providing customers with a more cost-effective product. This continuing trend reduces raw material requirements, but also effectively increases rolled products' plant utilization rates and reduces available capacity because the same number of units require more rolling hours to achieve thinner gauges. As utilization rates increase, revenues rise as pricing tends to be based on machine hours used rather than on the volume of material rolled. On balance, we believe that downgauging has enhanced overall market economics for both users and producers of aluminum rolled products.

Seasonality. Demand for certain aluminum rolled products is significantly affected by seasonal factors. As the temperature increases so does consumption of beer and soft drinks packaged in aluminum cans. Summer construction starts also increase demand for aluminum sheet used in the construction and industrial end-use market. For these reasons, revenues typically peak in the northern hemisphere in the second and third quarters, while sales in the southern hemisphere, which account for a relatively small portion of our revenues, are highest in the first and fourth quarters.

The following factors have historically affected the supply of aluminum rolled products:

Production Capacity. As in most manufacturing industries with high fixed costs, production capacity has the largest impact on supply in the aluminum rolled products industry. In the aluminum rolled products industry, the addition of production capacity requires large capital investments and significant plant construction or expansion and typically requires long lead-time equipment orders.

Alternative Technology. Advances in technological capabilities allow aluminum rolled products producers to better align product portfolio and supply with industry demand. As an example, continuous casting offers the ability in some markets to increase capacity in smaller increments than is possible with hot mill additions. This enables production capacity to better adjust to small year-over-year increases in demand. However, the continuous casting process permits the production of a more limited range of products.

Trade. Some trade flows do occur between regions despite shipping costs, import duties and the need for localized customer support. Higher value-added, specialty products such as lithographic sheet are more likely to be traded internationally, especially if demand in certain markets exceeds local supply. With respect to less technically demanding applications, emerging markets with low cost inputs may export commodity aluminum rolled products to larger, more mature markets. Accordingly, regional changes in supply, such as plant expansions, may have some effect on the worldwide supply of commodity aluminum rolled products.

Our Business Strategy

As a separate company, our management will be free to focus on aluminum rolled products, which we believe enables us to respond more quickly to market demands and maximize the efficient allocation of our capital, technical and human resources. As a separate company, we are also able to provide incentives to our management and employees that more closely align their interests with the performance of the aluminum rolled products business.

Our primary objective is to maximize shareholder value by increasing our revenues and profitability in the North American, European, Asia-Pacific and South American aluminum rolled products markets. We intend to achieve our objective through the application of our business strengths to the strategic initiatives outlined below. We intend to:

Address Customer Needs with Innovative and Market-Driven Products. We intend to enhance value to our customers by improving the quality of our products and services. We intend to conduct research and development that generates new products and processes to enable us to maintain long term partnerships with our key customers. Significant growth opportunities in aluminum rolled products consumption have typically come from product substitution opportunities, such as thin aluminum foil in packaging applications, automotive body panels and aluminum building materials. We plan to work in partnership with our customers to develop new uses for our various products by substituting highly engineered aluminum rolled products for other materials, thereby developing new markets for our products. We believe that our experience in process innovation, developing new technologies in surface treatment, casting, alloying, laser semi-finishing, forming and joining, and our ability to develop specialized aluminum rolled products solutions, will assist our efforts. We plan to address higher technology and more profitable end-use markets with proprietary products and processes that will be unique and attractive to our customers.

Develop and Implement a New Metal Conversion Business Model. Since we have separated from an integrated aluminum producer, we intend to implement a new metal conversion business model focused on the aluminum rolled products markets and emphasizing product line selection based on higher value-added rather than volume, economies of utilization and a higher focus on recyclables. We believe the resulting change will allow us to react more quickly in all markets and better align our business with customer requirements.

Improve Production From Existing Assets and Reduce Capital Needs. We intend to optimize our production capacity in order to focus on achieving attractive returns on our capital assets without investing significant amounts of new capital. Our modern mills in North America, Europe, Asia and South America give us the ability to manufacture a wide range of value-added differentiated aluminum rolled products enabling us to selectively move production among our mills within these regions based on market demand. We believe that our separation from Alcan and its vertically integrated production chain will offer us further opportunities to improve sourcing logistics and increase working capital efficiency. Other opportunities for capital reductions include increasing the use of tolling which reduces our capital requirements because the metal being processed is owned by the customer. Tolling refers to the process by which customers provide their own metal to us to be converted into a rolled product, and are charged a value-added conversion cost,

instead of the metal plus value-added conversion cost. Tolling allows us to generate revenues by converting the metal without having to devote capital to maintaining inventories of metal.

Leverage Economies of Scale in Raw Material Sourcing. We intend to continue working with our suppliers to further leverage economies of scale in our purchase of primary aluminum, supplies and services. Our metal management strategy includes plans to develop our recycling program further with a focus on sources of material such as used beverage cans, as well as other forms of recycled material in all regions in which we operate, which will expand our access to more cost effective sources of aluminum. We also have the ability to expand our sheet ingot casting capacity in the different regions in which we operate, which can be used to reduce reliance on, or maintain costs from, third party sheet ingot suppliers.

Capture Growth in Targeted Markets. We intend to capitalize on our international presence in order to capture growth opportunities in targeted aluminum rolled products markets such as beverage cans in selected regions and the growing automotive component market on the North American, European and Asian continents. We also own technology relating to the two main types of continuous casting processes, namely belt caster and twin roll caster, providing us with a cost advantage when examining options to profitably serve common alloy aluminum rolled products production in emerging markets such as China, Eastern Europe and South America. We intend to use these strengths, through royalty arrangements, joint ventures with local partners, or on a stand-alone basis, to grow profitably when opportunities arise in these emerging markets.

Pursue Selected Expansion and Acquisition Opportunities. We intend to use our management team, large scale operations, technical resources, market focus and operating cash flow to identify and take advantage of appropriate expansion and acquisition opportunities as they may arise.

We expect that implementation of these strategic initiatives will enable us to generate stable earnings and cash flow from operating activities. In the near-term, we expect to use a substantial portion of our excess cash flow to repay debt and reduce our leverage, which is required by the terms of the senior secured credit facilities we entered into in connection with the reorganization transactions. We will then consider other alternatives to maximize shareholder value such as investment opportunities and increased return of cash to shareholders consistent with achieving and maintaining our optimum financial structure.

Our Business Groups

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 areas and are organized under four business groups. The business groups are Novelis North America (NNA), Novelis Europe (NE), Novelis Asia (NA) and Novelis South America (NSA).

The table below sets forth the contribution of each of our business groups to our sales and operating revenues, business group profit, total assets and shipments for the years ended December 31, 2004, 2003 and 2002. The measure of profitability of operating segments historically used by Alcan is referred to as business group profit, or BGP. BGP comprises earnings before interest, income taxes, minority interests, depreciation and amortization and excludes certain items, such as corporate costs, restructuring, impairment and other special charges and pension actuarial gains, losses and other adjustments and mark to market adjustments on derivatives, that are not under the control of our business groups or are not considered in the measurement of their profitability. BGP also includes our proportionate share of unconsolidated joint ventures as their performance is measured within each operating segment.

Business Group(i)	2004	2003	2002
		(All amounts in $ millions, except shipments, which are in kt)	
Novelis North America			
Sales and operating revenues	2,964	2,385	2,517
BGP	237	206	277
Total assets	1,301	1,131	1,130
Shipments	1,175	1,083	1,165
Novelis Europe			
Sales and operating revenues	3,081	2,510	2,218
BGP	188	173	130
Total assets	2,504	2,167	1,650
Shipments	1,089	1,012	926
Novelis Asia			
Sales and operating revenues	1,194	918	785
BGP	79	68	35
Total assets	954	837	824
Shipments	491	428	378
Novelis South America			
Sales and operating revenues	525	414	379
BGP	143	112	90
Total assets	773	733	720
Shipments	264	258	244

(i) The sales and operating revenues and shipment information presented in the table above excludes intersegment revenues and shipments.

Our 37 operating facilities in 12 countries provide us with highly automated, flexible and advanced manufacturing capabilities. In addition to the aluminum rolled products plants, NSA operates bauxite mining, alumina refining, hydro power plants and smelting facilities. We believe our facilities have the assets required for efficient production and are well managed and maintained. For a further discussion of financial information by geographic area, refer to note 25 to our audited combined financial statements.

Novelis North America

Through 12 aluminum rolled products facilities, including three recycling facilities, NNA manufactures aluminum sheet and light gauge products. Important end-use applications for NNA include beverage cans, containers and packaging, automotive and other transportation applications, building products and other industrial applications.

In 2004, NNA had sales and operating revenues of $2,964 million, representing 38% of our total sales and operating revenues, and shipments of 1,175 kilotonnes, including tolled metal, representing 39% of our total shipments.

In 2004, approximately 60% of NNA's production was directed to beverage can sheet. The beverage can end-use application is technically demanding to supply and pricing is competitive. Producers with low-cost and technologically advanced manufacturing facilities and technical support capability have a competitive advantage. Recycling is important in the manufacturing process and NNA has three facilities that collect and remelt post-consumer aluminum and recycled process material. Most of the recycled material is from used beverage cans and the material is cast into sheet ingot for NNA's can sheet production plants.

Novelis Europe

NE provides European markets with value-added sheet and light gauge products through its 17 operating plants. In 2004, NE had sales and operating revenues of $3,081 million, representing 40% of our total sales and operating revenues, and shipments of 1,089 kilotonnes, including tolled metal, representing 36% of our total shipments.

NE serves a broad range of aluminum rolled product end-use applications. Construction and industrial represents the largest end-use market in terms of shipment volume by NE. NE supplies plain and painted sheet for building products such as roofing, siding, panel walls and shutters, where, due to the material's recyclability, aluminum products compare favourably with non-metallic building materials that usually have to be disposed of in landfills after demolition.

NE also has packaging facilities at three locations, and in addition to rolled product plants, NE has distribution centers in Italy and France together with sales offices in several European countries.

Novelis Asia

NA operates three manufacturing facilities in the Asian region and manufactures a broad range of sheet and light gauge products. In 2004, NA had sales and operating revenues of $1,194 million, representing 15% of our total sales and operating revenues, and shipments of 491 kilotonnes, including tolled metal, representing 16% of our total shipments.

NA production is balanced between the foil products, construction and industrial, and beverage/food can end-use markets. We believe that NA is well-positioned to benefit from further economic development in China.

Novelis South America

NSA operates two rolling plants and two primary aluminum manufacturing facilities and has an interest in a calcined coke manufacturing facility, each located in Brazil. NSA manufactures various aluminum rolled products, including can stock, automotive and industrial sheet and light gauge for the beverage/food can, construction and industrial and transportation end-use markets.

In 2004, NSA had sales and operating revenues of $525 million, representing 7% of our total sales and operating revenues, and shipments of 264 kilotonnes, including tolled metal, representing 9% of our total shipments.

The primary aluminum produced by NSA's mine, refinery and smelters is used by our Brazilian aluminum rolled products operations, with any excess production being sold on the market in the form of aluminum billets. In 2004, NSA had sales of 30 kilotonnes of primary metal. NSA generates a portion of its own power requirements. NSA also owns options to develop additional hydroelectric power facilities.

Raw Materials and Suppliers

The raw materials that we use in manufacturing include primary aluminum, recycled aluminum, sheet ingot, alloying elements and grain refiners. Our smelters also use alumina, caustic soda and calcined petroleum coke and resin. These raw materials are generally available from several sources and are not subject to supply constraints under normal market conditions. We also consume considerable amounts of energy in the operation of our facilities.

Aluminum

We obtain aluminum from a number of sources, including the following:

Primary Aluminum Purchases. We purchased approximately 2,100 kilotonnes of primary aluminum in 2004 in the form of sheet ingot and standard ingot, as quoted on the LME, 52% of which we purchased from

Alcan. Following our separation from Alcan, we have continued to source aluminum from Alcan pursuant to the metal supply agreements described under " — Arrangements Between Novelis and Alcan."

Primary Aluminum Production. We produced approximately 109 kilotonnes of our own primary aluminum requirements in 2004 through our smelter and related facilities in Brazil.

Recycled Aluminum Products. We operate facilities in several plants to recycle post-consumer aluminum, such as used beverage cans collected through recycling programs. In addition, we have agreements with several of our large customers where we take recycled processed material from their fabricating activity and re-melt, cast and roll their recycled aluminum products and re-supply them with aluminum sheet. Other sources of recycled material include lithographic plates, where over 90% of aluminum used is recycled, and products with longer lifespans, like cars and buildings, which are just starting to become high volume sources of recycled material. We purchased approximately 800 kilotonnes of recycled material in 2004.

The majority of recycled material collected and re-melted is directed back through can-stock plants. The net effect of these activities is that 29% of our aluminum rolled products production in 2004 was made with recycled material.

Sheet Ingot. We have the ability to cast sheet ingot, which are the slabs of aluminum that are fed into hot rolling mills to make aluminum rolled products. Casting, which requires precise control of heat and metal alloys, can have a major impact on the quality of the sheet ingot produced and all aluminum rolled products that are subsequently produced from that sheet ingot. In 2004, we were able to supply 71% of our internal needs for sheet ingot, which helped us to control the quality of the sheet ingot we used, and generated cost savings and sourcing flexibility. We purchased the remainder from Alcan and other providers on longer term contracts. Following the separation, we have continued to source a portion of our sheet ingot requirements from Alcan pursuant to the metal supply agreements described under " — Arrangements Between Novelis and Alcan."

Energy

We use several sources of energy in the manufacture and delivery of our aluminum rolled products. In 2004, natural gas and electricity represented more than 75% of our energy consumption by cost. We also use fuel oil and transport fuel. The majority of energy usage occurs at our casting centers and during the hot rolling of aluminum. Our cold rolling facilities require relatively less energy. We purchase our natural gas on the open market, which subjects us to market pricing fluctuations. Recent natural gas pricing volatility in the United States has increased our energy costs. We seek to stabilize our future exposure to natural gas prices through the use of forward purchase contracts. Natural gas prices in Europe, Asia and South America have historically been more stable than in the United States.

A portion of our electricity requirements are purchased pursuant to long term contracts in the local regions in which we operate. A number of our facilities are located in regions with regulated prices, which affords relatively stable costs. NSA has its own hydroelectric facilities that meet a substantial portion of its local electricity requirements for smelting operations.

Others

We also have bauxite and alumina requirements. We will satisfy some of our alumina requirements for the near term pursuant to the alumina supply agreement we have entered into with Alcan as discussed below under " — Arrangements Between Novelis and Alcan".

Our Customers

Although we provide products to a wide variety of customers in each of the markets that we serve, we have experienced consolidation trends among our customers in many of our key end-use markets. In 2004, approximately 41% of our total sales and operating revenues were to our ten largest customers, most of whom we have been supplying for more than 20 years. To address consolidation trends, we focus significant efforts at developing and maintaining close working relationships with our customers and end-users.

Our major customers include Agfa-Gevaert N.V., Alcan's packaging business group, Anheuser-Busch Companies, Inc., affiliates of Ball Corporation, various bottlers of the Coca-Cola system, Crown Cork & Seal Company, Inc., Daching Holdings Limited, DaimlerChrysler AG, Ford Motor Company, General Motors Corporation, Lotte Aluminum Co. Ltd., Kodak Polychrome Graphics GmbH, Pactiv Corporation, Rexam Plc, Ryerson Tull, Inc., Tetra Pak Ltd., Thyssen and Visteon Corporation.

We sell most of our products under long-term contracts with pricing based on "margin over metal" pricing, which is subject to periodic adjustments based on market factors.

In our largest end-use market, beverage can sheet, we sell directly to beverage makers and bottlers as well as to can fabricators that sell the cans they produce to bottlers. In certain cases, we also operate under umbrella agreements with beverage makers and bottlers under which they direct their can fabricators to source their requirements for beverage can body, end and tab stock from us. The bottlers are not responsible for the contractual performance by the can fabricators that we supply under these umbrella agreements. Among these umbrella agreements is one, referred to as the CC agreement, with several North American bottlers of Coca-Cola branded products, including Coca-Cola Enterprises and its affiliates. This agreement is based on arrangements that have been in place since 1997 and is subject to periodic renewal. Under the CC agreement we shipped approximately 400 kilotonnes of beverage can sheet, including tolled metal, in 2004. These shipments were made to, and we received payment from, our direct customers, being the beverage can fabricators that sell beverage cans to the Coca-Cola associated bottlers. Under the CC agreement, bottlers in the Coca-Cola system may join the CC agreement by committing a specified percentage of the can sheet required by their can fabricators to us. Pricing under the CC agreement is set for the duration of the agreement, but is subject to change in the event of changes in the competitive environment or to the competitive industry price structure.

Purchases by Rexam Plc and its affiliates from our operations in all of our business segments represented approximately 11.1%, 9.6% and 11.3% of our total sales and operating revenues in 2004, 2003 and 2002, respectively. Rexam Plc's North American affiliates are the largest customers purchasing under the CC agreement.

Distribution and Backlog

We have two principal distribution channels for the end-use markets in which we operate: direct sales and distributors (who are sometimes referred to as stockists). In 2004, 14% of our total sales and operating revenues were derived from distributors and 86% of our total sales and operating revenues were derived from direct sales from our customers.

Direct Sales

We supply various end-use markets in approximately 88 countries through a direct sales force that operates from individual plants or sales offices, as well as from regional sales offices in 21 countries. The direct sales channel typically involves very large, sophisticated fabricators and original equipment manufacturers. Long standing relationships are maintained with leading companies in industries that use aluminum rolled products. Supply contracts for large global customers generally range from one to five years in length and historically there has been a high degree of renewal business with customers. Given the customized nature of products and in some cases, large order sizes, switching costs are significant, thus adding to the overall consistency of the customer base.

We also use third-party agents or traders in some regions to complement our own sales force. They provide service to our customers in countries where we do not have local expertise. We tend to use third-party agents in Asia and South America more frequently than in other regions.

Distributors

We also sell our products through aluminum distributors, particularly in North America and Europe. Customers of distributors are widely dispersed, and sales through this channel are highly fragmented.

Distributors sell mostly commodity or less specialized products into many end-use markets, including the construction and industrial and transportation markets. We collaborate with our distributors to develop new end-use applications and improve the supply chain and order efficiencies.

Backlog

We produce aluminum rolled products primarily to meet our customers' requirements established under annual or multi-year contracts, which are typically not "take-or-pay" contracts and we do not believe that order backlog is a material aspect of our business.

Research and Development

In 2004, we spent $58 million on research and development activities in our plants and modern research facilities, which included mini-scale production lines equipped with hot mills, can lines and continuous casters. We spent $62 million on research and development activities in 2003 and $67 million in 2002. We conduct research and development activities at our mills in order to satisfy current and future customer requirements, improve our products and reduce our conversion costs. Our customers work closely with our research and development professionals to improve their production processes and market options. We have approximately 300 employees dedicated to research and development and customer technical support, located in many of our plants and research centers.

Our Employees

We have approximately 13,500 employees. A significant portion of our employees, approximately 6,900, are employed in our European operations and approximately 3,000 are employed in North America. With respect to the remainder of our workforce, approximately 1,600 are employed in Asia and approximately 2,000 are employed in South America and other areas. Approximately two-thirds of our employees are represented by labour unions and their employment conditions governed by collective bargaining agreements. Collective bargaining agreements are negotiated on a site, regional or national level, and are of different durations. We believe that we have good labour relations in all our operations and have not experienced a significant labour stoppage in any of our principal operations during the last decade.

Intellectual Property

In connection with our separation from Alcan, Alcan has assigned or licensed to us a number of important patents, trademarks and other intellectual property rights owned or previously owned by Alcan and required for our business. Ownership of intellectual property that is used by both us and Alcan is owned by one of us, and licensed to the other. Certain specific intellectual property rights which have been determined to be exclusively useful to us or which were required to be transferred to us for regulatory reasons have been assigned to us with no license back to Alcan.

We own technology relating to the two main types of continuous casting processes. Continuous casting mills are an alternative technology for making aluminum rolled products, using a process that converts molten aluminum directly into hot coils for further processing. Because small incremental capacity additions of between 10 kilotonnes and 175 kilotonnes can be made at lower capital investment than a hot mill, continuous casting mills offer the industry a better way of matching supply and demand, especially in emerging markets. We developed the belt caster technology named Flexcaster through internal research and development, and acquired the twin roll casting machine technology through the Pechiney acquisition. We will continue to specialize in the development and sales of continuous casting equipment in order to maintain our position as the world leading manufacturer of continuous casting machines.

Environment, Health and Safety

We own and operate numerous manufacturing and other facilities in various countries around the world. Our operations are subject to numerous and increasingly stringent laws and regulations governing the protection of the environment, health and safety. We regularly monitor and conduct environment, health and

safety assessments of our facilities. Environment, health and safety is a key component of our management operating system. We believe we have well-developed processes and we expect to continue to focus on this component going forward.

Arrangements Between Novelis and Alcan

In connection with our separation from Alcan, we and Alcan entered into a separation agreement and several ancillary agreements to complete the transfer of the businesses contributed to us by Alcan and the distribution of our shares to Alcan common shareholders. We may in the future enter into other commercial agreements with Alcan, the terms of which will be determined at the relevant times.

Separation Agreement

The separation agreement sets forth the agreement between us and Alcan with respect to: the principal corporate transactions required to effect our separation from Alcan; the transfer to us of the contributed businesses; the distribution of our shares to Alcan shareholders; and other agreements governing the relationship between Alcan and us following the separation. Under the terms of the separation agreement, we assume and agree to perform and fulfill all of the liabilities and obligations of the contributed businesses and of the entities through which such businesses were contributed, including liabilities and obligations related to discontinued rolled products businesses conducted by Alcan prior to the separation, in accordance with their respective terms.

Releases and Indemnification

The separation agreement provides for a full and complete mutual release and discharge of all liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the separation, between or among us or any of our subsidiaries, on the one hand, and Alcan or any of its subsidiaries other than us, on the other hand, except as expressly set forth in the agreement. The liabilities released or discharged include liabilities arising under any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the separation, other than the separation agreement, the ancillary agreements described below and the other agreements referred to in the separation agreement.

We have agreed to indemnify Alcan and its subsidiaries and each of their respective directors, officers and employees, against liabilities relating to, among other things:

- the contributed businesses, liabilities or contracts;
- liabilities or obligations associated with the contributed businesses, as defined in the separation agreement, or otherwise assumed by us pursuant to the separation agreement; and
- any breach by us of the separation agreement or any of the ancillary agreements we entered into with Alcan in connection with the separation.

Alcan has agreed to indemnify us and our subsidiaries and each of our respective directors, officers and employees against liabilities relating to:

- liabilities of Alcan other than those of an entity forming part of our group or otherwise assumed by us pursuant to the separation agreement;
- any liability of Alcan or its subsidiaries, other than us, retained by Alcan under the separation agreement; and
- any breach by Alcan of the separation agreement or any of the ancillary agreements we entered into with Alcan in connection with the separation.

The separation agreement also specifies procedures with respect to claims subject to indemnification and related matters.

Further Assurances

Both we and Alcan have agreed to use our commercially reasonable efforts, prior to, on and after the separation, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary or advisable under applicable laws and agreements to complete the transactions contemplated by the agreement and the other ancillary agreements described below.

Non-solicitation of Employees

Except with the written approval of the other party and subject to certain exceptions provided in the agreement, we and Alcan have agreed not to, for a period of two years following the separation, (1) directly or indirectly solicit for employment or recruit the employees of the other party or one of its subsidiaries, or induce or attempt to induce any employee of the other party or one of its subsidiaries to terminate his or her relationship with that other party or subsidiary, or (2) enter into any employment, consulting, independent contractor or similar arrangement with any employee or former employee of the other party or one of its subsidiaries, until one year after the effective date of the termination of such employee's employment with the other party or one of its subsidiaries, as applicable.

Non-competition

We have agreed not to engage, directly or indirectly, in any manner whatsoever, for a period of five years following the separation, in the manufacturing, production and sale of certain products for the plate and aerospace markets, unless expressly permitted to do so under the terms of the agreement.

Change of Control

We have agreed (1) not to undergo a change of control event, as defined in the separation agreement, for a period of 12 months following the separation, and (2) in the event of a change of control (including a change of control achieved in an indirect manner), during the four-year period following the first anniversary of the separation, to provide Alcan, within 30 days thereafter with a written undertaking of the acquirer that such acquirer shall be bound by the non-compete covenants set forth in the separation agreement during the remainder of the four-year period, to the same extent as if it had been an original party to the agreement.

If a change of control event occurs during the 12 month period following the separation, or if, at any time during the four-year period following the first anniversary of the separation a change of control of our company occurs and the person or group of persons who acquired control of our company fails to execute and deliver the undertaking mentioned above or refuses, neglects or fails to comply with any of its obligations pursuant to such undertaking (each a "control-related event"), Alcan will have a number of remedies, including terminating any or all of the metal supply agreements, the technical services agreements, or the intellectual property licenses granted to us or any of our subsidiaries in the intellectual property agreements, or the transitional services agreement.

Ancillary Agreements

In connection with our separation from Alcan, we entered into a number of ancillary agreements with Alcan governing certain terms of our separation as well as various aspects of our relationship with Alcan following the separation. These ancillary agreements include:

Transitional Services Agreement. Pursuant to the transitional services agreement, Alcan will provide to us or we will provide to Alcan, as applicable, on an interim, transitional basis, various services, including, but not limited to, treasury administration, selected benefits administration functions, employee compensation and information technology services. The agreed upon charges for these services generally allows us or Alcan, as applicable, to recover fully the allocated costs of providing the services, plus all out-of-pocket costs and expenses plus a margin of five percent. No margin will be added to the cost of services supplied by external suppliers. In general, the services began on the separation date and will cover a period generally not expected to exceed 12 months following the separation. With respect to particular services, we or Alcan, depending on

who is the recipient of the relevant services, may terminate the agreement with respect to one or more of those services upon prior written notice.

Metal Supply Agreements. We and Alcan have entered into four multi-year metal supply agreements pursuant to which Alcan will supply us with specified quantities of remelt ingot, molten metal and sheet ingot in North America and Europe on terms and conditions substantially similar to market terms and conditions during specific periods. These agreements are anticipated to provide us with the ability to cover some metal requirements through a fixed price purchase mechanism. In addition, an ingot supply agreement in effect between Alcan and Alcan Taihan Aluminum prior to the separation remains in effect following the separation.

Foil Supply Agreements. We have entered into foil supply agreements with Alcan for the supply of foil from our facilities located in Norf, Ludenscheid and Ohle, Germany to Alcan's packaging facility located in Rorschach, Switzerland as well as from our facilities located in Utinga, Brazil to Alcan's packaging facility located in Maua, Brazil. These agreements are for five-year terms during the course of which we will supply specified percentages of Alcan's requirements for its facilities described above (in the case of Alcan's Rorschach facility, 95% in 2005, 94% in 2006, 93% in 2007, 92% in 2008 and 90% in 2009, and in the case of Alcan's Maua facility, 70%). In addition, we will continue to supply certain of Alcan's European operations with foil under the terms of two agreements that were in effect prior to the separation.

Alumina Supply Agreements. We have entered into a ten-year alumina supply agreement with Alcan pursuant to which we will purchase from Alcan, and Alcan will supply to us, alumina for our primary aluminum smelter located in Aratu, Brazil. The annual quantity of alumina to be supplied under this agreement is between 85,000 metric tonnes to 126,000 metric tonnes. In addition, an alumina supply agreement between Alcan and Novelis Deutschland GmbH that was in effect prior to the separation remains in effect following the separation.

Intellectual Property Agreements. We and Alcan have entered into intellectual property agreements pursuant to which Alcan has assigned or licensed to us a number of important patents, trademarks and other intellectual property rights owned by Alcan and required for our business. Ownership of intellectual property that is used by both us and Alcan is owned by one of us and licensed to the other. Certain specific intellectual property rights which were determined to be exclusively useful to us or which were required to be transferred to us for regulatory reasons have been assigned to us with no license back to Alcan.

Sierre Agreements. We and Alcan entered into a number of agreements pursuant to which:

- Alcan transferred to us certain assets and liabilities of the automotive and other aluminum rolled products businesses relating to the sales and marketing output of the Sierre North Building, which comprises a portion of the Sierre facility in Switzerland, at a transfer price determined by a valuation made by an independent third party, pursuant to the terms of the separation and asset transfer agreements;
- Alcan leased to us the Sierre North Building and the machinery and equipment located in the Sierre North Building (including the hot and cold mills) for a term of 15 years, renewable at our option for additional five-year periods, at an annual base rent in an amount equal to 8.5% of the book value of the Sierre North Building, the leased machinery or equipment, as applicable, pursuant to the terms of the real estate lease and equipment lease agreements;
- We and Alcan will have access to, and use of, property and assets that are common to each of our respective operations at the Sierre facility, pursuant to the terms of the access and easement agreement;
- Alcan agreed to supply us with all our requirements of aluminum rolling slabs for the production of aluminum rolled products at the Sierre facility for a term of ten years, subject to availability, and provided the aluminum rolling slabs meet applicable quality standards and are competitively priced, pursuant to the terms of the metal supply agreement;
- Alcan will provide certain services to us at the Sierre facility, including services consisting of or relating to environmental testing, chemical laboratory services, utilities, waste disposal, facility safety and

security, medical services, employee food service and rail transportation, and we will provide certain services to Alcan at the Sierre facility, including services consisting of or relating to hydraulic and mechanical maintenance, roll grinding and recycled process material for a two-year renewable term, pursuant to the terms of the shared services agreement; and

- Alcan retains access to all of the total plate production capacity of the Sierre facility, which represents a portion of Sierre's total hot mill production capacity. The formula for the price to be charged to Alcan for products from the Sierre hot mill is based upon its proportionate share of the fixed production costs relating to the Sierre hot mill (determined by reference to actual production hours utilized by Alcan) and the variable production costs (determined by reference to the volume of product produced for Alcan). Under the tolling agreement, we have agreed to maintain the current standards of maintenance, management and operation of the Sierre hot mill.

With respect to the use of the machinery or equipment in the Sierre North Building, we have agreed to refrain from making or authorizing any use of it which may benefit any business relating to the sale, marketing, manufacturing, development or distribution of plate or aerospace products.

Neuhausen Agreements. We have entered into an agreement with Alcan pursuant to which (1) Alcan transferred to us various laboratory and testing equipment used in the aluminum rolling sheet business located in Neuhausen, Switzerland and (2) approximately 35 employees transferred from Alcan to us at the Neuhausen facility. In addition, we have assumed certain obligations in connection with the operations of the Neuhausen facility, including (1) the obligation to reimburse Alcan for 100% of its actual and direct costs incurred in terminating employees, cancelling third-party agreements, and discontinuing the use of assets in the event we request Alcan to discontinue or terminate services under the services agreement, (2) the obligation to reimburse Alcan for 20% of the costs to close the Neuhausen facility in certain circumstances, and (3) the obligation to indemnify Alcan for (a) all liabilities arising from the ownership, operation, maintenance, use, or occupancy of the Neuhausen facility and/or the equipment at any time after the separation date and resulting from our acts or omissions or our violation of applicable laws, including environmental laws, (b) all liabilities relating to the employees that transferred from Alcan to us arising before, on or after the separation date, and (c) an amount equal to 20% of all environmental legacy costs related to the Neuhausen facility.

Tax Sharing and Disaffiliation Agreement. The tax sharing and disaffiliation agreement provides an indemnification if certain factual representations are breached or if certain transactions are undertaken or certain actions are taken that have the effect of negatively affecting the tax treatment of the separation, including the reorganization transactions. It further governs the disaffiliation of the tax matters of Alcan and its subsidiaries or affiliates other than us, on the one hand, and us and our subsidiaries or affiliates, on the other hand. In this respect it allocates taxes accrued prior to the separation and after the separation as well as transfer taxes resulting therefrom. It also allocates obligations for filing tax returns and the management of certain pending or future tax contests and create mutual collaboration obligations with respect to tax matters.

Employee Matters Agreement. Pursuant to the employee matters agreement, we and Alcan have allocated between us assets, liabilities and responsibilities with respect to certain employee compensation, pension and benefit plans, programs and arrangements and certain employment matters and, more specifically, pursuant to which we have set out the terms and conditions pertaining to the transfer to us of certain Alcan employees. As of the separation date, we hired or employed all of the employees of Alcan and its affiliates who were then involved in the businesses transferred to us by Alcan. During a one-year period following the separation, such employees' terms and conditions of employment, including pension and benefit plans as well as employment policies, will be comparable, in the aggregate, to the terms and conditions of employment in effect immediately prior to the separation. Employees who transferred to us from Alcan also receive credit for their years of service with Alcan prior to the separation. Effective as of the separation date, we generally assumed all employment compensation and employee benefit liabilities relating to our employees.

Technical Services Agreements. We have entered into technical services agreements with Alcan pursuant to which (1) Alcan will provide technical support and related services to certain of our facilities in Canada, Brazil and France, and (2) we will provide similar services to certain Alcan facilities in Canada.

These agreements are not long-term agreements. In addition, we have entered into a technical services agreement with Alcan pursuant to which (1) Alcan will provide us with materials characterization, chemical analysis, mechanical testing and formability evaluation and other general support services at the Neuhausen facility, (2) Alcan will provide us and our employees with access to and use of those portions of the Neuhausen facility where the laboratory and testing equipment mentioned above is located, and office space suitable for our technical and administrative personnel, and (3) we will provide Alcan with access to specific technical equipment and additional services upon request from Alcan, in consideration for agreed upon service fees for a period of two years. Following the first year of the term of the Neuhausen technical services agreement, either party may terminate the agreement by providing the other with at least six months' prior written notice.

Ohle Agreement. We and Alcan have entered into an agreement pursuant to which we will supply pet food containers to Alcan, which Alcan will market in connection with its related packaging activities. We have agreed for a period of five years not to, directly or indirectly, for ourselves or others, in any way work in or for, or have an interest in, any company or person or organization within the European market which conduct activities competing with the activities of Alcan Packaging Zutphen B.V., a subsidiary of Alcan, related to its pet food containers business.

Foil Supply and Distribution Agreement. Pursuant to the two-year foil supply and distribution agreement, we will (1) manufacture and supply to, or on behalf of, Alcan certain retail and industrial packages of Alcan brand aluminum foil and (2) provide certain services to Alcan in respect of the foil we supply to Alcan under this agreement, such as marketing and payment collection. We will receive a service fee based on a percentage of the foil sales under the agreement. Pursuant to the terms of the agreement, we have agreed we will not market retail packages of foil in Canada under a brand name that competes directly with the Alcan brand during the term of the agreement.

Metal Hedging Agreement. We have also entered into an agreement pursuant to which Alcan provides metal price hedging services to us. These fixed forward pricing arrangements help us to reduce the risk of metal price fluctuations when we enter into agreements with customers that provide for fixed metal price arrangements. Alcan charges us fees based on the amount of metal covered by each hedge.

Available Information

We are subject to the reporting and information requirements of the Exchange Act and, as a result, will file periodic reports, proxy statements and other information with the SEC. We make these filings available on our website, the URL of which is http://www.novelis.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information on our website does not constitute part of this Annual Report on Form 10-K. As a foreign private issuer, we are not subject to the proxy requirements under Section 14 of the Exchange Act and our executive officers, directors and principal shareholders are not subject to the insider short swing profit reporting and recovery rules under Section 16 of the Exchange Act.

Item 2. *Properties*

We have 37 operating facilities in 12 countries. We believe our facilities are generally well-maintained and in good operating condition and have adequate capacity to meet our current business needs.

The following provides a description, by business group, of the plant processes and end-use markets for our aluminum rolled products, recycling and primary metal facilities.

NNA

Location	Plant Process	Major End-Use Markets
Oswego, New York	Hot rolling, cold rolling recycling	Can stock, Construction/Industrial, Semi-finished coil
Logan, Kentucky(i)	Hot rolling, cold rolling	Can stock
Saguenay, Quebec	Continuous casting	Semi-finished coil
Kingston, Ontario	Cold rolling, finishing	Automotive, Construction/Industrial
Terre Haute, Indiana	Cold rolling, finishing	Foil
Warren, Ohio	Coating	Can stock
Fairmont, West Virginia	Cold rolling, finishing	Foil
Toronto, Ontario	Finishing	Foil, foil containers
Louisville, Kentucky	Cold rolling, finishing	Foil
Burnaby, British Columbia	Finishing	Foil containers

(i) We own 40% of the shares of Logan Aluminium Inc., but we have made subsequent equipment investments such that we now have access to approximately 67% of Logan's total production capacity.

Our Oswego, New York, facility operates modern equipment for used beverage cans recycling, ingot casting, hot rolling, cold rolling and finishing. Oswego produces can stock as well as building and industrial products. Oswego also provides feedstock to our Kingston, Ontario, facility, which produces heat-treated automotive sheet and our Fairmont, West Virginia, facility, which produces light gauge sheet.

The Logan, Kentucky, facility is a processing joint venture between us and Arco Aluminium, a subsidiary of BP plc. Our original equity investment in the joint venture was 40%, while Arco held the remaining 60% interest. Subsequent equipment investments have resulted in us now having access to approximately 67% of Logan's total production capacity. Logan, which was built in 1985, is the newest and largest hot mill in North America. Logan operates modern and high-speed equipment for ingot casting, hot-rolling, cold-rolling and finishing. Logan is a dedicated manufacturer of aluminum sheet products for the can stock market with modern equipment, efficient workforce and product focus. A portion of the can end stock is coated at NNA's Warren, Ohio, facility, in addition to Logan's on-site coating assets. Together with Arco, we operate Logan as a production cooperative, with each party supplying its own primary metal inputs for transformation at the facility. The transformed product is then returned to the supplying party at cost. Logan does not own any of the primary metal inputs or any of the transformed products. All of the fixed assets at Logan are directly owned by us and Arco in varying ownership percentages or solely by us. As discussed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations", our combined balance sheet includes the assets and liabilities of Logan.

We share control of the management of Logan with Arco through a seven-member board of directors on which we appoint four members and Arco appoints three. Management of Logan is led jointly by two executive officers, one nominated by us and one nominated by Arco, who are subject to approval by at least five members of the board of directors.

Our Saguenay Works, Quebec, facility operates the world's largest continuous caster, which produces feedstock for our three foil rolling plants located in Terre Haute, Indiana, Fairmont, West Virginia and Louisville, Kentucky. The continuous caster was developed through internal research and development and we own the process technology. Our Saguenay Works facility produces aluminum rolled products directly from molten metal, which will be sourced under long term supply arrangements we have with Alcan.

Along with our recycling center in Oswego, New York, we own two other fully dedicated recycling facilities in Berea, Kentucky and Greensboro, Georgia. Each offers a modern, cost-efficient process to recycle

used beverage cans and other recycled aluminum into sheet ingot to supply our hot mills in Logan and Oswego. Berea is the largest used beverage can recycling facility in the world.

NE

Location	Plant Process	Major End-Use Markets
Norf, Germany(i)	Hot rolling, cold rolling	Can stock, foilstock, reroll Construction/Industrial
Göttingen, Germany	Cold rolling, finishing	Can end, Lithographic, Painted sheet
Rogerstone, United Kingdom	Hot rolling, cold rolling	Foilstock, paintstock, reroll
Nachterstedt, Germany	Cold rolling, finishing	Construction/Industrial, Automotive
Sierre, Switzerland(ii)	Hot rolling, cold rolling	Automotive sheet
Pieve, Italy	Continuous casting, cold rolling	Paintstock, industrial
Ohle, Germany	Cold rolling, finishing	Foil
Bresso, Italy	Finishing	Painted sheet
Falkirk, United Kingdom(iii)	Cold Rolling	Construction/Industrial
Rugles, France	Continuous casting, cold rolling, finishing	Foil
Dudelange, Luxembourg	Continuous casting, cold rolling, finishing	Foil
Bridgnorth, United Kingdom	Cold rolling, finishing	Foil
Annecy, France	Hot rolling, Cold rolling, finishing	Painted sheet, circles
Ludenscheid, Germany	Cold rolling, finishing	Foil
Flemalle, Belgium(iv)	Cold rolling, finishing	Foil
Berlin, Germany	Finishing	Foil

(i) Operated as a joint venture between us, 50% interest, and Norsk Hydro Aluminium Deutschland GmbH, 50% interest.

(ii) We have entered into an agreement with Alcan pursuant to which Alcan, following the separation, retains access to the plate production capacity utilized prior to separation at the Sierre facility, which represents a portion of the total production capacity of the Sierre hot mill.

(iii) The facility was closed in December 2004.

(iv) Closure of the facility is planned for mid-2005.

Aluminium Norf GmbH in Germany, a 50/50 production sharing joint venture between us and Norsk Hydro Aluminium Deutschland GmbH, is a large scale, modern manufacturing hub for several of our operations in Europe, and is the largest aluminum rolling mill in the world. Norf supplies hot coil for further processing through cold rolling to some of our other plants including Goettingen and Nachterstedt in Germany and provides foilstock to our plants in Ohle and Ludenscheid in Germany and Rugles in France. Together with Norsk Hydro, we operate Norf as a production cooperative, with each party supplying its own primary metal inputs for transformation at the facility. The transformed product is then transferred back to the supplying party on a pre-determined cost-plus basis. The facility's capacity is, in principle, shared 50/50. We own 50% of the equity interest in Norf and Norsk Hydro owns the other 50%. We share control of the management of Norf with Norsk Hydro through a jointly-controlled shareholders' committee. Management of Norf is led jointly by two managing executives, one nominated by us and one nominated by Norsk Hydro.

Rogerstone's hot mill in the United Kingdom supplies the Bridgnorth foil plant with foilstock and produces paintstock reroll for Pieve and Annecy. In addition, Rogerstone produces standard sheet and coil for the United Kingdom distributor market. The Pieve plant, located in Milan, Italy, produces continuous cast coil that is cold rolled into paint stock and sent to the Bresso plant, also located in Milan.

The Dudelange foil plant in Luxembourg utilizes continuous twin roll casting equipment and is one of the few foil plants in the world capable of producing 6 micron foil for aseptic packaging applications from continuous cast material. The Sierre hot rolling plant in Switzerland is Europe's leading producer of automotive sheet in terms of shipments and also supplies plate stock to Alcan.

Our recycling operations at Borgofranco, Italy and Latchford, United Kingdom position us as one of the major recyclers in Europe. Latchford is the only major recycling plant in Europe dedicated to used beverage cans.

NE also manages Pechiney Aluminum Engineering (Voreppe, France), which sells casthouse technology, including liquid metal treatment devices, such as degassers and filters, direct cast automation packages and twin roll continuous casters, in many parts of the world.

NA

Location	Plant Process	Major End-Use Markets
Ulsan, Korea(i)	Hot rolling, cold rolling	Can stock, Construction/Industrial, Foil stock
Yeongju, Korea(ii)	Hot rolling, cold rolling	Can stock,
Bukit Raja, Malaysia(iii)	Continuous casting, cold rolling	Construction/Industrial, Foil stock Foil, finstock

(i) We hold a 68% equity interest in the Ulsan plant.

(ii) We hold a 68% equity interest in the Yeongju plant.

(iii) Ownership of the Bukit Raja plant corresponds to our 59% shareholding in Aluminium Company of Malaysia Berhad. We increased our ownership from 36% to 59% in 2003.

Our Korean subsidiary, in which we hold a 68% interest, was formed through acquisitions in 1999 and 2000. Since our acquisitions, product capability has been developed to address higher value and more technically advanced markets such as can sheet.

In 2003, we increased from 36% to 59% our participation in the Aluminium Company of Malaysia, a publicly traded company that controls the Bukit Raja, Selangor light gauge rolling facility. Unlike our production sharing joint ventures at Norf and Logan, our Korean and Malaysian partners are financial partners and we market 100% of the plants' output.

NA also operates a recycling furnace in Ulsan, Korea for the conversion of customer and third party recycled aluminum, including used beverage cans. Metal from recycled aluminum purchases represented 6% of NA's total shipments in 2004.

NSA

Location	Plant Process	Major End-Use Markets
Pindamonhangaba, Brazil	Hot rolling, cold rolling	Construction/Industrial, can stock, foil stock
Utinga, Brazil	Finishing	Foil

Our Pinda rolling and recycling facility in Brazil has an integrated process that includes recycling, sheet ingot casting, hot mill and cold mill operations. A leased coating line produces painted products, including can end stock. Pinda supplies foil stock to our Utinga foil plant, which produces converter, household and container foil.

Pinda is the largest aluminum rolling and recycling facility in South America in terms of shipments and the only facility in South America capable of producing can body and end stock. Pinda recycles primarily used beverage cans, and is engaged in tolling recycled metal for our customers.

The table below sets forth plant processes and end-use markets information about our South American primary metal operations. Total production capacity at these facilities was 109 kilotonnes in 2004.

Location	Plant Process	Major End-Use Markets
Aratu, Brazil	Smelting	Primary aluminum (sheet ingot and billets)
Petrocoque, Brazil(i)	Refining calcined coke	Carbon products (smelter anodes)
Ouro Preto, Brazil	Hydroelectric, Bauxite mining, Alumina refining, Smelting	Primary aluminum (sheet ingot and billets)

(i) Operated as a joint venture between us, 25% interest, Petrobas Quimica S.A., 35% interest, Universal — Comércio e Empreendimentos Ltda., 25% interest, and Companhia Brasileira de Aluminio, 15% interest.

We conduct bauxite mining, alumina refining, primary aluminum smelting and hydroelectric power generation operations at our Ouro Preto facility in Saramenha, Brazil. Our owned power generation supplied 67% of the Ouro Preto smelter needs. In the Ouro Preto region, we own rights to approximately 5.6 million tonnes of bauxite reserves. There are additional reserves in the Cataguases and Carangola regions sufficient to meet our requirements in the foreseeable future.

We also conduct primary aluminum smelting operations at our Aratu facility in Brazil.

Item 3. ***Legal Proceedings***

In connection with our separation from Alcan, we assumed a number of liabilities, commitments and contingencies mainly related to our historical rolled products operations, including liabilities in respect of legal claims and environmental matters. As a result, we may be required to indemnify Alcan for claims successfully brought against Alcan or for the defense of, or defend, legal actions that arise from time to time in the normal course of our rolled products business including commercial and contract disputes, employee-related claims and tax disputes (including several disputes with Brazil's Ministry of Treasury regarding taxes and social security contributions, and a dispute with taxation authorities in Italy). In addition to these assumed liabilities and contingencies, we may, in the future, be involved in, or subject to, other disputes, claims and proceedings that arise in the ordinary course of our business, including some that we assert against others. Where appropriate, we have established reserves in respect of these matters (or, if required, we have posted cash guarantees). While the ultimate resolution of, and liability and costs related to, these matters cannot be determined with certainty due to the considerable uncertainties that exist, we do not believe that any of these pending actions, individually or in the aggregate, will materially impair our obligations or materially affect our financial condition or liquidity. The following describes certain environmental matters relating to our business for which we assumed liability as a result of our separation from Alcan.

Environmental Matters

We are involved in proceedings under the U.S. Superfund or analogous state provisions regarding the usage, storage, treatment or disposal of hazardous substances at a number of sites in the United States, as well as similar proceedings under the laws and regulations of the other jurisdictions in which we have operations, including Brazil and certain countries in the European Union. In addition, we are, from time to time, subject to environmental reviews and investigations by relevant governmental authorities. As described further in the following paragraph, we have established procedures for regularly evaluating environmental loss contingencies, including those arising from such environmental reviews and investigations and any related remediation or compliance actions. Although we cannot reasonably estimate all of the costs that are likely to ultimately be

borne by us, we have provided for the currently anticipated costs associated with ongoing environmental remediation or compliance actions, and we have no reason to believe that such remediation and compliance actions will materially impair our operations or materially adversely affect our financial condition, results of operations or liquidity.

With respect to environmental loss contingencies, we record a loss contingency on a non-discounted basis whenever such contingency is probable and reasonably estimable. The evaluation model includes all asserted and unasserted claims that can be reasonably identified. Under this evaluation model, the liability and the related costs are quantified based upon the best available evidence regarding actual liability loss and cost estimates. Except for those loss contingencies where no estimate can reasonably be made, the evaluation model is fact-driven and attempts to estimate the full costs of an estimated claim. Management generally reviews the status of, and estimated liability related to, pending claims and civil actions on a quarterly basis. The estimated costs in respect of such reported liabilities are not offset by amounts related to cost-sharing between parties, insurance, indemnification arrangements or contribution from other potentially responsible parties, or PRPs, unless otherwise noted.

PAS Site. Novelis Corporation (a wholly-owned subsidiary of ours and formerly known as Alcan Aluminum Corporation, or Alcancorp.) and third parties were defendants in a lawsuit instituted in July 1987 by the U.S. Environmental Protection Agency, or EPA, relating to the Pollution Abatement Services, or PAS, site, a third-party disposal site, in Oswego, New York. In January 1991, the U.S. District Court for the Northern District of New York found Novelis Corporation liable for a share of the clean-up costs for the site, and in December 1991 determined the amount of such share to be $3,175,683 plus interest and costs. Novelis Corporation appealed this decision to the United States Court of Appeals, Second Circuit. In April 1993, the Second Circuit reversed the District Court and remanded the case for a hearing on what liability, if any, might be assigned to Novelis Corporation depending on whether Novelis Corporation could prove that its waste did not contribute to the costs of remediation at the site. This matter was consolidated with another case, instituted in October 1991 by the EPA against Novelis Corporation in the U.S. District Court for the Northern District of New York seeking clean-up costs in regard to the Fulton Terminals Superfund site in Oswego County, New York, which was also owned by PAS. The remand hearing was held in October of 1999. The trial court re-instituted its judgment holding Novelis Corporation liable. The amount of the judgment plus interest was $13.5 million as of December 2000. The case was appealed. In the first quarter 2003, the Second Circuit affirmed the decision of the trial court. In 2004, Novelis Corporation paid $13.9 million in respect of the EPA claim, representing the full amount of the judgment plus interest, and $1.6 million to the State of New York, and is currently responsible for future oversight costs, which are currently estimated at approximately $600,000.

PAS Oswego Site Performing Group. Novelis Corporation has also been sued by ten other PRPs at the PAS site seeking contribution from Novelis Corporation for costs they collectively incurred in cleaning up the PAS site from 1990 to the present. The costs incurred by the PRPs to date total approximately $6.4 million plus accrued interest. Based upon currently available record evidence, Novelis Corporation is contesting responsibility for costs incurred by the PRPs.

Oswego North Ponds. In the late 1960s and early 1970s, Novelis Corporation in Oswego used an oil containing polychlorinated biphenyls, or PCBs, in its re-melt operations. At the time, Novelis Corporation utilized a once-through cooling water system that discharged through a series of constructed ponds and wetlands, collectively referred to as the North Ponds. In the early 1980s, low levels of PCBs were detected in the cooling water system discharge and Novelis Corporation performed several subsequent investigations. The PCB-containing hydraulic oil, Pydraul, which was eliminated from use by Novelis Corporation in the early 1970s, was identified as the source of contamination. In the mid-1980s, the Oswego North Ponds site was classified as an “inactive hazardous waste disposal site” and added to the New York State Registry. Novelis Corporation ceased discharge through the North Ponds in mid-2002.

In cooperation with the New York State Department of Environmental Conservation, or NYSDEC, and the New York State Department of Health, Novelis Corporation entered into a consent decree in August 2000 to develop and implement a remedial program to address the PCB contamination at the Oswego North Ponds site. A remedial investigation report was submitted in January 2004 and we anticipate that the NYSDEC will issue a proposed remedial action plan and record of decision during the second half of 2005. We expect that

the remedial plan will be implemented in 2006. The estimated cost associated with this remediation is approximately $25 million.

Butler Tunnel Site. Novelis Corporation was a party in a 1989 EPA lawsuit before the U.S. District Court for the Middle District of Pennsylvania involving the Butler Tunnel Superfund site, a third-party disposal site. In May 1991, the Court granted summary judgment against Novelis Corporation for alleged disposal of hazardous waste. After unsuccessful appeals, Novelis Corporation paid the entire judgment plus interest.

The United States government filed a second cost recovery action against Novelis Corporation seeking recovery of expenses associated with the installation of an early warning system for potential future releases from the Butler site. The complaint does not disclose the amount of costs sought by the government. The case has been held in abeyance since shortly after it was filed and therefore there has been no opportunity for discovery to fully determine the type of remedial action sought, the total cost, the existence of other settlements or the existence of other non-settling PRPs that may exist for potential contribution. In December 2004, a motion for partial summary judgment was heard and is under advisement.

Tri-Cities Site. In 1994 Novelis Corporation and other companies responded to an EPA inquiry concerning the shipment of old drums to Tri-Cities Inc., a third party barrel reprocessing facility in upstate New York. In 1996 the EPA issued an administrative order directing the defendants to clean up the site. Novelis Corporation refused to participate, claiming that the drums sent to Tri-Cities were empty at the time of delivery. In September 2002, Novelis Corporation received notice from the EPA contending that Novelis Corporation was responsible for past and future response costs with accrued interest as well as penalties for its violation of the administrative order. Novelis Corporation responded by outlining its objections to the EPA's determination. The EPA subsequently referred the matter to the Department of Justice, or DOJ, for enforcement. In December 2004, a consent decree was negotiated with the DOJ and EPA. Under this consent agreement, Novelis Corporation will pay $360,000 as a civil penalty as well as $600,000 in past costs. Future costs have been capped at a maximum payment of $800,000 payable over an extended period of time.

Quanta Resources Site. In June 2003, the DOJ filed a Superfund costs recovery action in the U.S. District Court for the Northern District of New York against Novelis Corporation and Russell Mahler, the site owner, seeking unreimbursed response costs stemming from the disposal of rolling oil emulsion at the Quanta Resources facility in Syracuse, New York. The parties are in the process of discovery. In 2003, Novelis Corporation met with the DOJ and the EPA who quantified potential liability for unreimbursed costs and penalties in the amount of $1.4 million.

Sealand Site. New York State and EPA claim that Novelis Corporation's waste that was sent to the Sealand, New York Restoration site is a hazardous substance that contributed to the occurrence of response costs. There are several PRPs at this site. In 1993, Novelis Corporation declined a request to participate in a program to provide drinking water to area residents, contending that Novelis Corporation's waste did not cause or contribute to the harm at the site. In 2003, Alcan met with the DOJ and the EPA who quantified potential liability for unreimbursed costs at $2.6 million.

Toyo Coal Tar Remediation. Prior property owners contaminated the soil at our Joiliet, Illinois facility with coal tar. Following litigation, Novelis Corporation received a 90% cost allocation from two defendants. In 1998, a remediation plan was developed to clean-up soils and groundwater. The remedial program was implemented in 1999. Novelis Corporation continues to monitor the remediation. Novelis Corporation's estimated costs are approximately $275,000.

Diamond Alkali Superfund Site-Lower Passaic River Initiative. In 2003, Novelis Corporation received a letter from the EPA regarding an investigation being launched into possible contamination of the Lower Passaic River in 1965. Novelis Corporation has been identified as a PRP arising from one of its former plants in Newark, New Jersey that may have generated hazardous waste. A remedial investigation feasibility study is scheduled to be carried out over several years. Novelis Corporation has entered into a consent decree with other PRPs and will participate in a remedial feasibility study. Novelis Corporation's estimated environmental costs have been set at $184,000.

Jarl Extrusions (Rochester, NY). The affected property in Rochester, New York was acquired in 1988. Operations at the property were subsequently discontinued and the property was sold in December 1996. Novelis Corporation retained liability under the terms of sale. Novelis Corporation entered into a consent decree with NYSDEC under which evaluation of the site was performed in 1990 and 1991. Most of the contamination was determined to have come from an adjoining site. In its response to Novelis Corporation's investigation report, the NYSDEC asked Novelis Corporation to admit to liability for off-site pollution (a Superfund site is located next door) and that hazardous sludge was dumped in the ponds behind the building. Novelis Corporation denied these allegations. In light of the State's failure to cooperate with Novelis Corporation in the remediation of this site under the consent decree, Novelis Corporation filed a notice of protest with the State. Novelis Corporation's appeal was denied, but the State later approved a new remedial investigation report negotiated between NYSDEC and Novelis Corporation. A feasibility study for site remediation was then approved by NYSDEC. Negotiations on a consent order for remedial design construction were completed and the restrictive deed covenants have been filed for the property. The clean-up has been completed and NYSDEC approved a long-term operation and monitoring plan ("O&M"). Novelis Corporation continues to conduct O&M and has sought permission to decommission two monitoring wells. Estimated costs associated with this matter are approximately $150,000.

Terre Haute TCE Issue. Trichloroethylene, or TCE, soil and groundwater contamination was discovered on the Terre Haute site in 1990. A site investigation was performed in between 1991 and 1994 whereby the extent of TCE groundwater and soil contamination was delineated. The subsurface contamination was located on site with groundwater plume migrating off site, with impacts to private homeowner drinking water wells. Terre Haute entered into the Indiana Voluntary Remediation Program in 1995. A remediation plan was developed which consisted of Soil Venting/ Air Sparging for subsurface soil remediation. The point source carbon treatment systems were installed on impacted homeowners wells. The active subsurface soil remediation was completed in 2003. Now that the remediation phase has been completed, Novelis Corporation is required to support a post remedial groundwater and drinking water well monitoring program. Periodic monitoring will be required until groundwater clean up goals are met. Based on historical trends in TCE contamination, it is anticipated that clean up objectives will be met within 10 years. Once the clean up objectives are met, the project will be considered closed. Estimated costs associated with funding the required monitoring program for a period of 10 years is approximately $600,000.

Item 4. ***Submission of Matters to a Vote of Security Holders***

None.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information

Our common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange under the symbol "NVL". Our common shares began trading on a "when-issued" basis on the Toronto Stock Exchange on January 6, 2005 and on a "regular way" basis on January 7, 2005. The intra-day high sales price for our common stock between January 6, 2005 and March 21, 2005 was $CAN34.00 and the intra-day low sales price was $CAN25.00. Our common shares began trading on a "when-issued" basis on the New York Stock Exchange on January 6, 2005 and on a "regular way" basis on January 19, 2005. The intra-day high sales price for our common stock between January 6, 2005 and March 21, 2005 was $26.45 and the intra-day low sales price was $20.75.

Holders

As of March 18, 2005**,** there were 11,320 holders of record of our common shares.

Dividends

On March 1, 2005, our board of directors approved a policy of quarterly dividend payments on our common shares and declared a quarterly dividend of $0.09 per common share payable on March 24, 2005 to shareholders of record at the close of business on March 11, 2005. Future dividends 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 and other relevant factors.

Securities Authorized for Issuance Under Equity Compensation Plans

Because we did not separate from Alcan until January 6, 2005, as of December 31, 2004, none of our equity securities were authorized for issuance under compensation plans. Information regarding the compensation plans that were placed in effect concurrently with and following the separation is set forth under "Item 11. Executive Compensation."

Canadian Federal Income Tax Considerations — Non-Residents of Canada

The discussion below is a summary of the principal Canadian federal income tax considerations relating to an investment in our common shares. The discussion does not take into account the individual circumstances of any particular investor. Therefore, prospective investors in our common shares should consult their own tax advisors for advice concerning the tax consequences of an investment in our common shares based on their particular circumstances, including any consequences of an investment in our common shares arising under state, provincial or local tax laws or the tax laws of any jurisdiction other than Canada.

Canada and the United States are parties to an income tax treaty and accompanying protocols (the "Canada-United States Income Tax Convention"). In general, the Canada-United States Income Tax Convention does not have an adverse effect on holders of our common shares.

The following is a summary of the principal Canadian federal income tax considerations generally applicable to the ownership and disposition of our common shares acquired by persons who, at all relevant times and for purposes of the Income Tax Act (Canada) ("Tax Act"), deal at arm's length with us, are not affiliated with us and who hold or will hold our common shares as capital property ("holder"). The Tax Act contains provisions relating to securities held by certain financial institutions, registered securities dealers and corporations controlled by one or more of the foregoing (the "Mark-to-Market Rules"). This summary does not take into account the Mark-to-Market Rules and taxpayers that are "financial institutions" as defined for the purpose of the Mark-to-Market Rules should consult their own tax advisors. In addition, this summary assumes that our common shares will, at all relevant times, be listed on a "prescribed stock exchange" for

purposes of the Tax Act, which is currently defined to include both the Toronto Stock Exchange and the New York Stock Exchange.

This summary is based upon the current provisions of the Tax Act and regulations thereunder (the "Regulations") in force as at the date hereof, all specific proposals to amend the Tax Act and Regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and our understanding of the current published administrative policies and practices of the Canada Revenue Agency. Except as otherwise indicated, this summary does not take into account or anticipate any changes in the applicable law or administrative practices or policies whether by judicial, regulatory, administrative or legislative action, nor does it take into account provincial, territorial or foreign tax laws or considerations, which may differ significantly from those discussed herein. No assurance can be given that the Proposed Amendments will be enacted or that they will be enacted in the form announced.

This summary is of a general nature only and is not intended to be, nor should it be relied upon or construed to be, legal or tax advice to any particular prospective purchaser. This summary is not exhaustive of all possible income tax considerations under the Tax Act that may affect a holder. Accordingly, prospective purchasers of our common shares should consult their own tax advisors with respect to their own particular circumstances.

All amounts relevant in computing the Canadian federal income tax liability of a holder are to be reported in Canadian currency at the rate of exchange prevailing at the relevant time.

The following part of the summary is generally applicable to persons who, at all relevant times for the purposes of the Tax Act and any applicable income tax treaty in force between Canada and another country, are not, or are not deemed to be, resident in Canada.

Taxation of Dividends

Dividends, including deemed dividends and stock dividends, paid or credited, or deemed to be paid or credited, to a non-resident of Canada on our common shares are subject to Canadian withholding tax under the Tax Act at a rate of 25% of the gross amount of such dividends, subject to reduction under the provisions of any applicable income tax treaty. The Canada-United States Income Tax Convention generally reduces the rate of withholding tax to 15% of any dividends paid or credited, or deemed to be paid or credited, to holders who are residents of the United States for the purposes of the Canada-United States Income Tax Convention (or 5% in the case of corporate U.S. shareholders who are the beneficial owners of at least 10% of our voting stock).

Disposition of Shares

Capital gains realized on the disposition of our common shares by a non-resident of Canada will not be subject to tax under the Tax Act unless such common shares are "taxable Canadian property" for purposes of the Tax Act. Our common shares will generally not be taxable Canadian property of a holder unless, at any time during the five-year period immediately preceding a disposition, the holder, persons with whom the holder did not deal at arm's length or the holder together with such persons owned, had an interest in or had the right to acquire 25% or more of our issued shares of any class or series. Even if our common shares constitute taxable Canadian property to a particular holder, an exemption from tax under the Tax Act may be available under the provisions of any applicable income tax treaty, including the Canada-United States Income Tax Convention.

Sales of Unregistered Equity Securities

As previously disclosed in our registration statement on Form 10, on the separation date and pursuant to the reorganization transactions, we issued special shares to Alcan in consideration for common shares of Arcustarget Inc., a Canadian corporation. The special shares were redeemed shortly after their issuance and cancelled. The issuance of our special shares to Alcan was exempt from registration under the Securities Act

of 1933, as amended, pursuant to Section 4(2) thereof because such issuance did not involve any public offering of securities.

Item 6. ***Selected Financial Data***

You should read the following selected combined financial data in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements and the accompanying notes included elsewhere in this Annual Report on Form 10-K.

The combined statements of income data reflect the combined operations of the Novelis Group. We derived the combined statements of income data for the years ended December 31, 2004, 2003 and 2002, and the combined balance sheet data as of December 31, 2004, and 2003, as set forth below, from our audited combined financial statements included elsewhere in this Annual Report on Form 10-K. We derived the condensed combined statements of income data for the year ended December 31, 2001 and the combined balance sheet data as of December 31, 2002, and 2001, from our audited combined financial statements not included in this Annual Report on Form 10-K. We derived the unaudited condensed combined statements of income data for the year ended December 31, 2000 and the unaudited condensed combined balance sheet data as of December 31, 2000 from historical financial information based on Alcan's accounting records. The historical results do not necessarily indicate results expected for any future period nor are they necessarily indicative of the results of operations or financial position that we would have obtained if we had been an independent company during the periods presented.

	At and for the Years Ended December 31,				
	2004	2003	2002	2001	2000
	($ millions, except per share data)				
Sales and operating revenues	$ 7,755	$ 6,221	$ 5,893	$ 5,777	$ 5,668
Net income (loss)	55	157	(9)	(137)	82
Total assets	5,954	6,316	4,558	4,390	4,943
Long-term debt (including current portion)	2,737	1,659	623	514	584
Other debt	541	964	366	445	498
Cash and time deposits	31	27	31	17	35
Invested equity	555	1,974	2,181	2,234	2,562
Earnings (loss) per share					
Basic					
Income before cumulative effect of accounting change	0.74	2.12	1.01	(1.85)	1.11
Cumulative effect of accounting change	—	—	(1.13)	—	—
Net income (loss) per share — basic	0.74	2.12	(0.12)	(1.85)	1.11
Diluted					
Income before effect of accounting change	0.74	2.11	1.00	(1.85)	1.10
Cumulative effect of accounting change	—	—	(1.13)	—	—
Net income (loss) per share — diluted	0.74	2.11	(0.13)	(1.85)	1.10

In December 2003, Alcan acquired Pechiney. A portion of the acquisition cost relating to four plants that are included in our company was allocated to us and accounted for as additional invested equity. The net assets of the Pechiney plants are included in the combined financial statements as at December 31, 2003 and the results of operations and cash flows are included in the combined financial statements beginning January 1, 2004.

On January 1, 2002, we adopted SFAS No. 142, Goodwill and Other Intangible Assets. Under this standard, goodwill and other intangible assets with an indefinite life are no longer amortized but are carried at the lower of carrying value and fair value and are tested for impairment on an annual basis. An impairment of

$84 million was identified in the goodwill balance as at January 1, 2002, and was charged to income as a cumulative effect of accounting change in 2002 upon adoption of the new accounting standard. The amount of goodwill amortization was $3 million in 2001.

In 2001, Alcan implemented a restructuring program that included certain businesses we acquired from it in the reorganization transactions. Restructuring and asset impairment charges of $208 million, $25 million, $(24) million and $(8) million were recorded in 2001, 2002, 2003 and 2004, respectively, relating to this program.

In October 2000, Alcan acquired Alusuisse Group Ltd, or algroup. A portion of the acquisition cost relating to two plants that are included in our company was allocated to us and accounted for as additional invested equity. The net assets of the algroup plants are included in the combined financial statements as at October 31, 2000 and the results of operations and cash flows are included in the combined financial statements beginning October 1, 2000.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The information set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 99.1 hereto is incorporated by reference herein.

Risk Factors

Risks Related to our Separation from Alcan

We have no history operating as an independent company and we may be unable to make on a timely or cost-effective basis the changes necessary to operate as an independent company.

Prior to the separation, our business was operated by Alcan primarily within two business groups of its broader corporate organization rather than as a stand-alone company. Alcan performed various corporate functions for us, including, but not limited to, the following:

- treasury administration;
- selected benefits administration functions;
- selected employee compensation functions;
- selected information technology services; and
- metal, energy and currency hedging.

Following the separation, Alcan has no obligation to provide these functions to us other than as part of the transitional services that are provided by Alcan and that are described in "Item 1. Business — Arrangements Between Novelis and Alcan."

If we do not have in place our own systems and business functions, we do not have agreements with other providers of these services or we are not able to make these changes cost effectively, once our transitional services agreement with Alcan expires, we may not be able to operate our business effectively, we may be unable to maintain our market position in the various markets in which we compete and our profitability may decline. If Alcan does not continue to perform the transitional services it has agreed to provide to us effectively, we may not be able to operate our business effectively after the separation.

Historically we have benefited from Alcan's size and purchasing power in procuring goods, technology and services. Although we entered into group purchasing arrangements for certain goods and services with Alcan, we may be unable to obtain goods, technology and services as a separate, stand-alone company, at prices and on terms as favourable as those available to us prior to the separation and we may not have access to financial and other resources comparable to those available to us prior to the separation.

Following the separation, the level of our indebtedness, which will be relatively higher than that of Alcan, will subject us to various restrictions, result in higher interest costs and potentially limit our financial flexibility.

Following the separation and the financing transactions, our businesses are operating with significantly more indebtedness and higher interest expenses than they did when they were part of Alcan. In addition, we may incur additional debt in the future. In connection with the reorganization transactions and our separation from Alcan, we and certain of our subsidiaries incurred new borrowings of $2.9 billion. These, in addition to a capital lease agreement associated with the rolled products portion of the business in Sierre, Switzerland in the amount of $48 million, formed our debt structure totaling $2,954 million shortly after our separation from Alcan. This indebtedness is governed by instruments that impose a number of restrictions and covenants on us that could limit our strategic alternatives or our ability to respond to market conditions or take advantage of business opportunities. We have also entered into a $500 million revolving credit facility that is available for operating working capital and other requirements. Any additional debt we incur in the future could impose further limits on us, increase our interest expense and reduce our profitability.

A deterioration of our financial position or a credit rating downgrade following the separation could increase our borrowing costs and have an adverse effect on our business relationships. We intend, from time to time, to enter into various forms of hedging activities against currency or metal price fluctuations and to trade metal contracts on the LME. Financial strength and credit ratings are important to the pricing of these hedging and trading activities. As a result, any downgrade of our credit ratings may make it more costly for us to engage in these activities and our anticipated level of indebtedness may make it more costly for us to engage in these activities than it has been as a part of the Alcan group.

Our agreements with Alcan may not reflect what two unaffiliated parties might have agreed to.

The allocation of assets, liabilities, rights, indemnifications and other obligations between Alcan and us under the separation and ancillary agreements we entered into with Alcan may not reflect what two unaffiliated parties might have agreed to. Had these agreements been negotiated with unaffiliated third parties, their terms may have been more favourable, or less favourable, to us.

As a separate company, we have supply agreements with Alcan for a portion of our raw materials requirements. If Alcan is unable to deliver sufficient quantities of these materials or if it terminates these agreements, our ability to manufacture products on a timely basis could be adversely affected.

The manufacture of our products requires sheet ingot that has historically been, in part, supplied by Alcan. In 2004, we purchased the majority of our third party sheet ingot requirements from Alcan's primary metal group. In connection with the separation, we entered into metal supply agreements with Alcan upon terms and conditions substantially similar to market terms and conditions for the continued purchase of sheet ingot from Alcan. If Alcan is unable to deliver sufficient quantities of this material on a timely basis or if Alcan terminates one of these agreements, our production may be disrupted and our sales and profitability could be materially adversely affected. Although aluminum is traded on the world markets, developing alternative suppliers for that portion of our raw material requirements we expect to be supplied by Alcan could be time consuming and expensive.

Our continuous casting operations at our Saguenay Works, Canada facility depend upon a local supply of molten aluminum from Alcan. In 2004, Alcan's primary metal group supplied approximately 173 kilotonnes of such material to us, representing all of the molten aluminum used at Saguenay Works in 2004. In connection with the separation, we entered into a metal supply agreement with Alcan upon terms and conditions substantially similar to market terms and conditions for the continued purchase of molten aluminum from Alcan. If this supply were to be disrupted, our Saguenay Works production could be interrupted and our sales and profitability materially adversely affected.

We may lose key rights if a change in control of our voting shares were to occur.

Our separation agreement with Alcan provides that if we experience a change in control in our voting shares either within the first year of the date of separation or during the following four years if the entity acquiring control does not agree with Alcan not to compete in the plate and aerospace markets, Alcan may terminate any or all of certain agreements we have with it. The termination of any of these agreements could deprive us of key services, resources or rights necessary to the conduct of our business. Replacement of these assets could be difficult or impossible, resulting in a material adverse effect on our business operations, sales and profitability. In addition, the potential termination of these agreements could prevent us from entering into future business transactions such as acquisitions or joint ventures at terms favourable to us or at all.

We could incur significant tax liability, or be liable to Alcan, if certain transactions occur which violate tax-free spin-off rules.

Under Section 55 of the Income Tax Act (Canada), we and/or Alcan will recognize a taxable gain on our spin-off from Alcan if, among other specified circumstances, (1) within three years of our spin-off from Alcan, we engage in a subsequent spin-off or split-up transaction under Section 55, (2) a shareholder who (together with non-arm's length persons and certain other persons) owns 10% or more of our common shares or Alcan common shares, disposes to a person unrelated to such shareholder of any such shares (or property that derives 10% or more of its value from such shares or property substituted therefor) as part of the series of transactions which includes our spin-off from Alcan, (3) there is a change of control of us or of Alcan that is part of the series of transactions that includes our spin-off from Alcan, (4) we sell to a person unrelated to us (otherwise than in the ordinary course of operations) as part of the series of transactions that includes our spin-off from Alcan, property acquired in our spin-off from Alcan that has a value greater than 10% of the value of all property received in the spin-off from Alcan, (5) within three years of our spin-off from Alcan, Alcan completes a split-up (but not spin-off) transaction under Section 55, (6) Alcan makes certain acquisitions of property before and in contemplation of our spin-off from Alcan, (7) certain shareholders of Alcan and certain other persons acquired shares of Alcan (other than in specified permitted transactions) in contemplation of our spin-off from Alcan, or (8) Alcan sells to a person unrelated to it (otherwise than in the ordinary course of operations) as part of the series of transactions or events which includes our spin-off from Alcan, property retained by Alcan on the spin-off that has value greater than 10% of the value of all property retained by Alcan on our spin-off from Alcan. We would generally be required to indemnify Alcan for tax under the tax sharing and disaffiliation agreement if Alcan's tax liability arose because of (i) a breach of our representations, warranties or covenants in the tax sharing and disaffiliation agreement, (ii) certain acts or omissions by us (such as a transaction described in (1) above), or (iii) an acquisition of control of us. Alcan would generally be required to indemnify us for tax under the tax sharing and disaffiliation agreement if our tax liability arose because of (i) a breach of Alcan's representations, warranties or covenants in the tax sharing and disaffiliation agreement, or (ii) certain acts or omissions by Alcan (such as a transaction described in (5) above). These liabilities and the related indemnity payments could be significant and could have a material adverse effect on our financial results.

Our U.S. subsidiary has agreed under the tax sharing and disaffiliation agreement to certain restrictions that are intended to preserve the tax-free status of the reorganization transactions in the United States for United States federal income tax purposes, and that will, among other things, limit, generally for two years, our U.S. subsidiary's ability to issue or sell stock or other equity-related securities, to sell its assets outside the ordinary course of business, and to enter into any other corporate transaction that would result in a person acquiring, directly or indirectly, a majority of our U.S. subsidiary, including an interest in our U.S. subsidiary through holding our shares. If we breach any of these covenants, we generally will be required to indemnify Alcan Corporation, the intermediate holding company for Alcan's U.S. operations, against the United States federal income tax resulting from a failure of the reorganization transactions in the United States to be tax-free for United States federal income tax purposes. These liabilities and the related indemnity payments could be significant and could have a material adverse effect on our financial results.

These potential liabilities could prevent us from entering into business transactions at favourable terms to us or at all.

We may be required to satisfy certain indemnification obligations to Alcan, or may not be able to collect on indemnification rights from Alcan.

In connection with the separation, we and Alcan agreed to indemnify each other for certain liabilities and obligations related to, in the case of our indemnity, the business transferred to us, and in the case of Alcan's indemnity, the business retained by Alcan. These indemnification obligations could be significant. We cannot determine whether we will have to indemnify Alcan for any substantial obligations after the separation. We also cannot assure you that if Alcan has to indemnify us for any substantial obligations, Alcan will be able to satisfy those obligations.

We may have potential business conflicts of interest with Alcan with respect to our past and ongoing relationships that could harm our business operations.

A number of our commercial arrangements with Alcan that existed prior to the reorganization transactions, our separation arrangements and our post-separation commercial agreements with Alcan could be the subject of differing interpretation and disagreement following our separation. These agreements may be resolved in a manner different from the manner in which disputes were resolved when we were part of the Alcan group. This could in turn affect our relationship with Alcan and ultimately harm our business operations.

Our agreement not to compete with Alcan in certain end-use markets may hinder our ability to take advantage of new business opportunities.

In connection with the separation, we have agreed not to compete with Alcan for a period of five years in the manufacture, production and sale of certain products for use in the plate and aerospace markets. As a result, it may be more difficult for us to pursue successfully new business opportunities, which could limit our potential sources of revenue and growth. Please see "Item 1. Business — Arrangements Between Novelis and Alcan — Separation Agreement."

Our historical financial information may not be representative of results we would have achieved as an independent company or our future results.

The historical financial information we have included in this Annual Report on Form 10-K has been derived from Alcan's consolidated financial statements and does not necessarily reflect what our results of operations, financial position or cash flows would have been had we been an independent company during the periods presented. For this reason, as well as the inherent uncertainties of our business, the historical financial information does not necessarily indicate what our results of operations, financial position, cash flows or costs and expenses will be in the future.

We expect to have to spend significant amounts of time and resources to build a new brand identity.

Prior to our separation from Alcan, we marketed our products under the Alcan name, which has a strong reputation within the markets we serve. We have adopted new trademarks and trade names to reflect our new company name. Although we are continuing to engage in significant marketing activities and intend to spend significant amounts of time and resources to develop a new brand identity, potential customers, business partners and investors generally may not associate Alcan's reputation and expertise with our products and services. Furthermore, our name change also may cause difficulties in recruiting qualified personnel. If we fail to build brand recognition, we may not be able to maintain the leading market positions that we have developed while we were part of Alcan, which could harm our financial results.

As we build our information technology infrastructure and transition our data to our own systems, we could experience temporary interruptions in business operations and incur additional costs.

We have created our own, or have engaged third parties to provide, information technology infrastructure and systems to support our critical business functions, including accounting and reporting, in order to replace many of the systems Alcan provided to us. We may incur temporary interruptions in business operations if we

cannot transition effectively from Alcan's existing operating systems, databases and programming languages that support these functions to our own systems. Our failure to implement the new systems and transition our data successfully and cost-effectively could disrupt our business operations and have a material adverse effect on our profitability. In addition, our costs for the operation of these systems may be higher than the amounts reflected in our historical combined financial statements.

Risks Related to our Business and the Market Environment

Certain of our customers are significant to our revenues, and we could be adversely affected by changes in the business or financial condition of these significant customers or by the loss of their business.

Our ten largest customers accounted for approximately 41% of our total sales and operating revenues in 2004, with Rexam Plc and its affiliates representing approximately 11.1% of our total sales and operating revenues in that year. A significant downturn in the business or financial condition of our significant customers could materially adversely affect our results of operations. In addition, if our existing relationships with significant customers materially deteriorate or are terminated in the future, and we are not successful in replacing business lost from such customers, our results of operations could be adversely affected. Some of the longer term contracts under which we supply our customers, including under umbrella agreements such as those described under "Item 1. Business — Our Business — Our Customers," are subject to renewal, renegotiation or re-pricing at periodic intervals or upon changes in competitive supply conditions. Our failure to successfully renew, renegotiate or re-price such agreements could result in a reduction or loss in customer purchase volume or revenue, and if we are not successful in replacing business lost from such customers, our results of operations could be adversely affected. The markets in which we operate are competitive and customers may seek to consolidate supplier relationships or change suppliers to accrue cost savings and other benefits.

Our profitability could be adversely affected by increases in the cost or disruptions in the availability of raw materials.

Prices for the raw materials we require are subject to continuous volatility and may increase from time to time. Although our sales are generally made on the basis of a "margin over metal price," if prices increase, we may not be able to pass on the entire cost of the increases to our customers or offset fully the effects of higher raw material costs, other than metal, through productivity improvements, which may cause our profitability to decline. In addition, there is a potential time lag between changes in prices under our purchase contracts and the point when we can implement a corresponding change under our sales contracts with our customers. As a result, we can be exposed to fluctuations in raw materials prices, including metal, since, during the time lag period, we may have to temporarily bear the additional cost of the change under our purchase contracts, which could have a material adverse effect on our profitability. Furthermore, sales contracts currently representing approximately 20% of our total annual sales provide for a ceiling over which metal prices cannot contractually be passed through to our customers, which could potentially also have a material adverse effect on our financial results. Although we attempt to mitigate the risk of this occurrence through the purchase of hedging contracts or options, this hedging policy may not successfully or completely eliminate these effects. Finally, a sustained material increase in raw materials prices may cause some of our customers to substitute other materials for our products.

Our operations consume energy and our profitability may decline if energy costs were to rise, or if our energy supplies were interrupted.

We consume substantial amounts of energy in our rolling operations, our cast house operations and our Brazilian smelting operations. The factors that affect our energy costs and supply reliability tend to be specific to each of our facilities. A number of factors could materially adversely affect our energy position including:

- increases in costs of natural gas;
- significant increases in costs of supplied electricity or fuel oil related to transportation;

- interruptions in energy supply due to equipment failure or other causes; and
- the inability to extend energy supply contracts upon expiration on economical terms.

If energy costs were to rise, or if energy supplies or supply arrangements were disrupted, our profitability could decline.

We may not have sufficient cash and may be limited in our ability to access financing for future capital requirements, which may prevent us from increasing our manufacturing capability, improving our technology or addressing any gaps in our product offerings.

Although historically our cash flow from operations has been sufficient to satisfy working capital, capital expenditure and research and development requirements, in the future we may need to incur additional debt or issue equity in order to fund these requirements as well as to make acquisitions and other investments. To the extent we are unable to raise new capital, we may be unable to increase our manufacturing capability, improve our technology or address any gaps in our product offerings. If we raise funds through the issuance of debt or equity, any debt securities or preferred shares issued will have rights and preferences and privileges senior to those of holders of our common shares. The terms of the debt securities may impose restrictions on our operations that have an adverse impact on our financial condition. If we raise funds through the issuance of equity, the proportional ownership interests of our shareholders could be diluted.

Adverse changes in currency exchange rates could negatively affect our financial results and the competitiveness of our aluminum rolled products relative to other materials.

Our businesses and operations are exposed to the effects of changes in the exchange rates of the U.S. dollar, the euro, the British pound, the Brazilian real, the Canadian dollar, the Korean won and other currencies. Currency risk management for our business was historically considered within Alcan's overall treasury operations. As part of that strategy, Alcan used financial instruments to reduce its exposure to adverse movements in currency exchange rates. As an independent company, we plan to implement a hedging policy that will attempt to manage currency exchange rate risks to an acceptable level based on our management's judgment of the appropriate trade-off between risk, opportunity and cost; however, this hedging policy may not successfully or completely eliminate the effects of currency exchange rate fluctuations which could have a material adverse effect on our financial results.

We prepare our combined financial statements in U.S. dollars, but a portion of our earnings and expenditures are denominated in other currencies, primarily the euro, the Korean won and the Brazilian real. Changes in exchange rates will result in increases or decreases in our reported costs and earnings, and may also affect the book value of our assets located outside the United States and the amount of our equity.

Primary aluminum and aluminum recyclables represent between 25% and 85% of the price of our rolled products and these input materials are purchased based upon LME aluminum trading prices denominated in U.S. dollars. As a result, and because we generally sell our rolled products on a "margin over metal" price, increases in the relative value of the U.S. dollar against the local currency in which sales are made can make aluminum rolled products less attractive to our customers than substitute materials, such as steel or glass, whose manufacturing costs may be more closely linked to the local currency, which in turn could have a material adverse effect on our financial results.

Most of our facilities are staffed by a unionized workforce, and union disputes and other employee relations issues could materially adversely affect our financial results.

Approximately two-thirds of our employees are represented by labour unions under a large number of collective bargaining agreements with varying durations and expiration dates. We may not be able to satisfactorily renegotiate our collective bargaining agreements when they expire. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage at our facilities in the future, and any such work stoppage could have a material adverse effect on our financial results.

Our operations have been and will continue to be exposed to various business and other risks, changes in conditions and events beyond our control in countries where we have operations or sell products.

We are, and will continue to be, subject to financial, political, economic and business risks in connection with our worldwide operations. We have made investments and carry on production activities in various emerging markets, including Brazil, Korea and Malaysia, and we market our products in these countries, as well as China and certain other countries in Asia. While we anticipate higher growth or attractive production opportunities from these emerging markets, they also present a higher degree of risk than more developed markets. In addition to the business risks inherent in developing and servicing new markets, economic conditions may be more volatile, legal and regulatory systems less developed and predictable, and the possibility of various types of adverse governmental action more pronounced. In addition, inflation, fluctuations in currency and interest rates, competitive factors, civil unrest and labour problems could affect our revenues, expenses and results of operations. Our operations could also be adversely affected by acts of war, terrorism or the threat of any of these events as well as government actions such as controls on imports, exports and prices, tariffs, new forms of taxation or changes in fiscal regimes and increased government regulation in the countries in which we operate or service customers. Unexpected or uncontrollable events or circumstances in any of these markets could have a material adverse effect on our financial results.

We could be adversely affected by disruptions of our operations.

Breakdown of equipment or other events, including catastrophic events such as war or natural disasters, leading to production interruptions in our plants could have a material adverse effect on our financial results. Further, because many of our customers are, to varying degrees, dependent on planned deliveries from our plants, customers that have to reschedule their own production due to our missed deliveries could pursue financial claims against us. We may incur costs to correct any of these problems, in addition to facing claims from customers. Further, our reputation among actual and potential customers may be harmed, potentially resulting in a loss of business. While we maintain insurance policies covering, among other things, physical damage, business interruptions and product liability, these policies may not cover all of our losses and we could incur uninsured losses and liabilities arising from such events, including damage to our reputation, loss of customers and suffer substantial losses in operational capacity, any of which could have a material adverse effect on our financial results.

We may not be able to successfully develop and implement new technology initiatives in a timely manner.

We have invested in, and are involved with, a number of technology and process initiatives. Several technical aspects of these initiatives are still unproven and the eventual commercial outcomes cannot be assessed with any certainty. Even if we are successful with these initiatives, we may not be able to deploy them in a timely fashion. Accordingly, the costs and benefits from our investments in new technologies and the consequent effects on our financial results may vary from present expectations.

Loss of our key management and other personnel, or an inability to attract such management and other personnel, could impact our business.

We depend on our senior executive officers and other key personnel to run our business. The loss of any of these officers or other key personnel could materially adversely affect our operations. Competition for qualified employees among companies that rely heavily on engineering and technology is intense, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the operation and expansion of our business could hinder our ability to improve manufacturing operations, conduct research activities successfully and develop marketable products.

We may not be able to adequately protect proprietary rights to our technology.

Although we attempt to protect our proprietary technology and processes and other intellectual property through patents, trademarks, trade secrets, copyrights, confidentiality and nondisclosure agreements and other

measures, these measures may not be adequate to protect our intellectual property. Because of differences in intellectual property laws throughout the world, our intellectual property may be substantially less protected in various international markets than it is in the United States and Canada. Failure on our part to adequately protect our intellectual property may materially adversely affect our financial results. Furthermore, we may be subject to claims that our technology infringes the intellectual property rights of another. Even if without merit, those claims could result in costly and prolonged litigation, divert management's attention and could materially adversely affect our business. In addition, we may be required to enter into licensing agreements in order to continue using technology that is important to our business. However, we may be unable to obtain license agreements on terms that are acceptable to us or at all.

Past and future acquisitions or divestitures may adversely affect our financial condition.

We have grown partly through the acquisition of other businesses including businesses acquired by Alcan in its 2000 acquisition of the Alusuisse Group Ltd. and its 2003 acquisition of Pechiney, both of which were integrated aluminum companies. As part of our strategy for growth, we may continue to pursue acquisitions, divestitures or strategic alliances, which may not be completed or, if completed, may not be ultimately beneficial to us. There are numerous risks commonly encountered in business combinations, including the risk that we may not be able to complete a transaction that has been announced, effectively integrate businesses acquired or generate the cost savings and synergies anticipated. Failure to do so could have a material adverse effect on our financial results.

Our four former Pechiney rolling facilities in Europe were acquired by Alcan in December 2003. Because of the recency of their acquisition, and the fact that two of these facilities, at Rugles and Annecy in France, have been subject to "hold separate" obligations to meet competition requirements imposed on Alcan, we have yet to complete our integration of their businesses and our analysis of the extent of the assets and liabilities associated with their operations. The existence of unanticipated liabilities could have a material adverse effect on our financial results.

We could be required to make unexpected contributions to our defined benefit pension plans as a result of adverse changes in interest rates and the capital markets.

Most of our pension obligations relate to funded defined benefit pension plans for our employees in the United States, the United Kingdom and in Brazil, which was terminated in June 2004, unfunded pension benefits in Germany, and lump sum indemnities payable to our employees in France, Korea and Malaysia upon retirement. Our pension plan assets consist primarily of listed stocks and bonds. Our estimates of liabilities and expenses for pensions and other post-retirement benefits incorporate a number of assumptions, including expected long term rates of return on plan assets and interest rates used to discount future benefits. Our results of operations, liquidity or shareholders' equity in a particular period could be adversely affected by capital market returns that are less than their assumed long term rate of return or a decline of the rate used to discount future benefits.

If the assets of our pension plans do not achieve assumed investment returns for any period, such deficiency could result in one or more charges against our earnings for that period. In addition, changing economic conditions, poor pension investment returns or other factors may require us to make unexpected cash contributions to the pension plans in the future, preventing the use of such cash for other purposes.

In addition to existing defined benefit pension plans, we may elect in 2005 to assume pension liabilities from pension plans that we currently share with Alcan. The assumption of such liabilities would occur by the establishment of new pension plans and the transfer of assets from Alcan pension plans. The risks described above will also apply to these plans.

We face risks relating to certain joint ventures and subsidiaries that we do not entirely control. Our ability to generate cash from these entities may be more restricted than if such entities were wholly owned subsidiaries.

Some of our activities are, and will in the future be, conducted through entities that we do not entirely control or wholly own. These entities include our Norf, Germany and Logan, Kentucky joint ventures, as well as our majority-owned Korean and Malaysian subsidiaries. Under the governing documents or agreements for certain of these joint ventures and subsidiaries, our ability to fully control certain operational matters may be limited. In addition, we do not solely determine certain key matters, such as the timing and amount of cash distributions from these entities. As a result, our ability to generate cash from these entities may be more restricted than if they were wholly owned entities.

Risks Related to Our Industry

We face significant price and other forms of competition from other aluminum rolled products producers, which could hurt our results of operations.

Generally, the markets in which we operate are highly competitive. We compete primarily on the basis of our value proposition, including price, product quality, ability to meet customers' specifications, range of products offered, lead times, technical support and customer service. Some of our competitors may benefit from greater capital resources, have more efficient technologies, or have lower raw material and energy costs and may be able to sustain longer periods of price competition.

In addition, our competitive position within the global aluminum rolled products industry may be affected by, among other things, the recent trend toward consolidation among our competitors, exchange rate fluctuations that may make our products less competitive in relation to the products of companies based in other countries (despite the U.S. dollar based input cost and the marginal costs of shipping) and economies of scale in purchasing, production and sales, which accrue to some of our competitors.

Increased competition could cause a reduction in our shipment volumes and profitability or increase our expenditures, any one of which could have a material adverse effect on our financial results.

The end-use markets for certain of our products are highly competitive and customers are willing to accept substitutes for our products.

The end-use markets for certain aluminum rolled products are highly competitive. Aluminum competes with other materials, such as steel, plastics, composite materials and glass, among others, for various applications, including in the beverage/food cans and automotive end-use markets. In the past, customers have demonstrated a willingness to substitute other materials for aluminum. The willingness of customers to accept substitutes for aluminum products could have a material adverse effect on our financial results.

A downturn in the economy could have a material adverse effect on our financial results.

Certain end-use markets for aluminum rolled products, such as the construction and industrial and transportation markets, experience demand cycles that are highly correlated to the general economic environment, which is sensitive to a number of factors outside our control. A recession or a slowing of the economy in any of the geographic segments in which we operate, including China where significant economic growth is expected, or a decrease in manufacturing activity in industries such as automotive, construction and packaging and consumer goods, could have a material adverse effect on our financial results. We are not able to predict the timing, extent and duration of the economic cycles in the markets in which we operate.

The seasonal nature of some of our customers' industries could have a material adverse effect on our financial results.

The construction industry and the consumption of beer and soda are sensitive to climatic conditions and as a result, demand for aluminum rolled products in the construction industry and for can feedstock is seasonal. Our quarterly financial results could fluctuate as a result of climatic changes, and a prolonged series

of cold summers in the different areas in which we conduct our business could have a material adverse effect on our financial results.

We are subject to a broad range of environmental, health and safety laws and regulations in the jurisdictions in which we operate, and we may be exposed to substantial environmental, health and safety costs and liabilities.

We are subject to a broad range of environmental, health and safety laws and regulations in the jurisdictions in which we operate. These laws and regulations impose increasingly stringent environmental, health and safety protection standards and permitting requirements regarding, among other things, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices, and the remediation of environmental contamination and working conditions for our employees. The costs of complying with these laws and regulations, including participation in assessments and remediation of sites and installation of pollution control facilities, have been, and in the future could be, significant. In addition, these laws and regulations may also result in substantial environmental liabilities, including liabilities associated with divested assets and past activities. In certain instances, these costs and liabilities, as well as related action to be taken by us, could be accelerated or increased if we were to close or divest of or change the principal use of certain facilities with respect to which we may have environmental liabilities or remediation obligations. Currently, we are involved in a number of compliance efforts, remediation activities and legal proceedings concerning environmental matters. We have established reserves for environmental remediation activities and liabilities where appropriate. However, environmental matters (including the timing of any charges related thereto) cannot be predicted with certainty, and these reserves may not ultimately be adequate, especially in light of potential changes in environmental conditions, changing interpretations of laws and regulations by regulators and courts, the discovery of previously unknown environmental conditions, the risk of governmental orders to carry out additional compliance on certain sites not initially included in remediation in progress, our potential liability to remediate sites for which provisions have not been previously established and the adoption of more stringent environmental laws. Such future developments could result in increased environmental costs and liabilities and could require significant capital expenditures, any of which could have a material adverse effect on our financial condition or results.

Some of our current and potential operations are located or could be located in or near communities that may regard such operations as having a detrimental effect on their social and economic circumstances. Should this occur, the consequences of such a development may have a material adverse impact upon the profitability or, in extreme cases, the viability of an operation. In addition, such developments may adversely affect our ability to expand or enter into new operations in such location or elsewhere.

We use a variety of hazardous materials and chemicals in our rolling processes, as well as in our smelting operations in Brazil and in connection with maintenance work on our manufacturing facilities. In the event that any of these substances or related residues proves to be toxic, we may be liable for certain costs, including, among others, costs for health-related claims or removal or retreatment of such substances. In addition, although we have developed environmental, health and safety programs for our employees and conduct regular assessments at our facilities, we are currently, and in the future may be, involved in claims and litigation filed on behalf of persons alleging injury predominantly as a result of occupational exposure to substances at our current or former facilities. It is not possible to predict the ultimate outcome of these claims and lawsuits due to the unpredictable nature of personal injury litigation. If these claims and lawsuits, individually or in the aggregate, were finally resolved against us, our results of operations and cash flows could be adversely affected.

We may be exposed to significant legal proceedings or investigations.

From time to time, we are involved in, or the subject of, disputes, proceedings and investigations with respect to a variety of matters, including environmental, health and safety, product liability, employee, tax, contractual and other matters as well as other disputes and proceedings that arise in the ordinary course of business. Certain of these matters are discussed in the preceding risk factor and certain are discussed above under “Item 3. Legal Proceedings.” Any claims against us or any investigations involving us, whether meritorious or not, could be costly to defend or comply with and could divert management’s attention as well

as operational resources. Any such dispute, litigation or investigation, whether currently pending or threatened or in the future, may have a material adverse effect on our financial results.

Product liability claims against us could result in significant costs or negatively impact our reputation and could adversely affect our business results and financial condition.

We are sometimes exposed to warranty and products liability claims. There can be no assurance that we will not experience material product liability losses arising from such claims in the future and that these will not have a negative impact on our sales and profitability. We generally maintain insurance against many product liability risks but there can be no assurance that this coverage will be adequate for liabilities ultimately incurred. In addition, there is no assurance that insurance will continue to be available on terms acceptable to us. A successful claim that exceeds our available insurance coverage could have a material adverse effect on our financial results.

Risks Related to Ownership of Our Common Shares

Because there has been a public market for our common shares for only a short period of time, the market price and trading volume of our shares may be volatile.

Prior to the separation there was no trading market for our common shares. We cannot predict the extent to which investors' interest will lead to a liquid trading market or whether the market price of our shares will be volatile.

The market price of our common shares could fluctuate significantly for many reasons, including for reasons unrelated to our specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within our industry experience declines in their stock price, our share price may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company.

A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

The terms of our separation from Alcan and our shareholder rights plan could delay or prevent a change of control that you may consider favourable.

We could incur significant tax liability, or be liable to Alcan for the resulting tax, if certain events described under " — Risks related to our separation from Alcan — We could incur significant tax liability, or be liable to Alcan, if certain transactions occur which violate tax-free spin-off rules" occur which violate tax-free spin-off rules and cause the spin-off to be taxable to Alcan. This indemnity obligation, or our potential tax liability, either of which could be significant, might discourage, delay or prevent a change of control that you may consider favourable.

The rights of Alcan to terminate certain of our agreements in circumstances described under " — Risks related to our separation from Alcan — We may lose key rights if a change in control of our voting shares were to occur" also might discourage, delay or prevent a change of control that you may consider favourable.

Please see "Item 1. Business — Arrangements Between Novelis and Alcan" for a more detailed description of these agreements and provisions. In addition, our shareholder rights plan also may discourage, delay or prevent a merger or other change of control that shareholders may consider favourable.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

Changes in interest rates, foreign exchange rates and the market price of aluminum are among the factors that can impact our cash flows.

Interest Rates

Historically, Alcan has centrally managed its financing activities in order to optimize its costs of funding and financial flexibility at a corporate level. As the debt being carried in our historical combined financial statements does not necessarily reflect our debt capacity and financing requirements as a stand-alone company, we have not presented interest rate sensitivities for historical periods. You should generally read "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management" in Exhibit 99.1, which is incorporated by reference to Item 7 above. For accounting policies on interest rate swaps used to hedge interest costs on certain debt, you should read note 3 of the annual combined financial statements.

Currency Derivatives

The schedule below presents fair value information and contract terms relevant to determining future cash flows categorized by expected maturity dates of our currency derivatives outstanding as at December 31, 2004. Virtually all currency derivatives are undertaken with Alcan.

	2005	2006	2007	2008	2009	Total Nominal Amount	Fair Value
			($ millions, except contract rates)				
Forward contracts							
To buy USD against the foreign currency							
CHF Nominal Amount	33	11	2	2	1	49	(7)
Average contract rate	1.2722	1.3479	1.2904	1.2644	1.2408		
GBP Nominal Amount	64	1	—	—	—	65	(3)
Average contract rate	1.8273	1.7420	—	—	—		
To sell USD against the foreign currency							
GBP Nominal Amount	56	1	—	—	—	57	4
Average contract rate	1.7856	1.6387	—	—	—		
EUR Nominal Amount	49	—	—	—	—	49	4
Average contract rate	1.2518	—	—	—	—		
CHF Nominal Amount	1	—	—	—	—	1	—
Average contract rate	1.1263	—	—	—	—		
To sell EUR against the foreign currency							
USD Nominal Amount	316	87	57	—	—	460	(48)
Average contract rate	1.2329	1.2284	1.2330	—	—		
CHF Nominal Amount	24	13	5	5	4	51	(1)
Average contract rate	1.5199	1.5014	1.4614	1.4436	1.4266		
GBP Nominal Amount	152	16	—	—	—	168	(3)
Average contract rate	1.4288	1.4136	—	—	—		
To buy EUR against the foreign currency							
GBP Nominal amount	56	5	1	—	—	62	1
Average contract rate	1.4239	1.3990	1.3598	—	—		

	2005	2006	2007	2008	2009	Total Nominal Amount	Fair Value
			($ millions, except contract rates)				
To buy GBP against the foreign currency							
CHF Nominal Amount	9	—	—	—	—	9	—
Average contract rate	2.2036	—	—	—	—		
To sell EUR against the foreign currency							
CHF Nominal Amount	19	—	—	—	—	19	—
Average contract rate	2.1730	—	—	—	—		

Any negative impact of currency movements on the currency contracts that we have entered into to hedge identifiable foreign currency commitments to purchase or sell goods and services, would be offset by an equal and opposite favourable exchange impact on the commitments being hedged. Transactions in currency related financial instruments for which there is no underlying foreign currency exchange rate exposure to us are prohibited. For our accounting policies relating to currency contracts, refer to note 3 of the annual combined financial statements.

Derivative Commodity Contracts

Our aluminum forward contract positions, the counterparty of which is Alcan, are entered into to hedge future purchases of metal that are required for firm sales and purchase commitments to fabricated products customers and to hedge future sales. Consequently, any negative impact movements in the price of aluminum on the forward contracts would be offset by an equal and opposite impact on the sales and purchases being hedged.

The effect of a reduction of 10% in aluminum prices on our aluminum forward contracts outstanding at December 31, 2004 would be to decrease our net income over the period ending December 31, 2007 by approximately $63 million ($44 million in 2005, $12 million in 2006 and $7 million in 2007). These results reflect a 10% reduction from the December 31, 2004 three-month LME aluminum closing price of $1,958 per tonne and assume an equal 10% decrease has occurred throughout the aluminum forward price curve existing as at December 31, 2004.

Item 8. *Financial Statements and Supplementary Data*

The information set forth in Exhibit 99.2 is incorporated herein by reference.

Item 9. *Changes In and Disagreements With Accountants On Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

(a) *Evaluation of disclosure controls and procedures*. Based on the evaluation of our disclosure controls and procedures (as defined in Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) required by Securities Exchange Act Rules 13a-15(b) or 15d-15(b), our Chief Executive Officer and our Chief Financial Officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective.

(b) *Changes in internal control over financial reporting*. There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. *Other Information*

None.

PART III

Item 10. *Directors and Executive Officers of Registrant*

Our Directors

Our Board of Directors comprises 12 directors. Our directors' terms will expire at each annual shareholders meeting. Our first annual meeting of shareholders after the separation will be held prior to June 30, 2006. This will be an annual meeting of shareholders for the election of directors. The annual meeting will be held at a place in North America and on such date as may be fixed by our board of directors.

The following table sets forth information as to persons who currently serve as our directors. Except in the case of David FitzPatrick, all of the directors listed below have served on our board of directors since the separation. Mr. FitzPatrick joined our board of directors on March 24, 2005. Biographical details for each of our directors are also set forth below.

Name	Age	Position
Brian W. Sturgell	55	Director, President and Chief Executive Officer
J.E. Newall, O.C.(1)(2)(3)(4)	69	Non-Executive Chairman of the Board
Jacques Bougie, O.C.(2)(4)	57	Director
Charles G. Cavell(1)(2)(3)	62	Director
Clarence J. Chandran(2)(3)(4)	56	Director
C. Roberto Cordaro(2)(3)(4)	55	Director
Helmut Eschwey(2)(3)(4)	55	Director
David J. FitzPatrick(1)(2)	51	Director
Suzanne Labarge(1)(2)(3)	58	Director
William T. Monahan(2)(3)(4)	57	Director
Rudolf Rupprecht(1)(2)(4)	65	Director
Edward V. Yang(1)(2)(4)	59	Director

(1) Member of our audit committee.

(2) Member of our corporate governance committee.

(3) Member of our human resources committee.

(4) Member of our customer relations committee.

Brian W. Sturgell is our President and Chief Executive Officer and a Director. Mr. Sturgell has 31 years of experience in the aluminum business and has worked for Alcan for the past 15 years. From January 2002 until January, 2005, Mr. Sturgell was Executive Vice President and a member of the Office of the President at Alcan, and responsible for Alcan's Rolled Products Americas and Asia, Rolled Products Europe and Packaging business groups. In this role, he oversaw the global operations of Alcan's rolled products and packaging businesses. Mr. Sturgell has held several other positions with Alcan: Executive Vice President, Aluminum Fabrication, Americas and Asia (from November 2000 to January 2002), Executive Vice President, Corporate Development (from January 1999 to November 2000), Executive Vice President, Asia/ Pacific (July 1997 to January 1999) and Executive Vice President, Fabricated Products, North America and President of Alcan Aluminum Corporation (from January 1996 to July 1997). In 2004, Mr. Sturgell concluded a two-year term as Chairman of the U.S. Aluminum Association. He is a member of the board of directors for the U.S. National Association of Manufacturers. Born in Michigan in 1949, Mr. Sturgell graduated from Michigan State University with a bachelor of science degree. He has also attended the Executive Development Program at the Kellogg Graduate School at Northwestern University in the United States.

J.E. Newall, O.C. is the Non-Executive Chairman of our board of directors and a member of our audit, corporate governance, human resources and customer relations committees. Mr. Newall had been on the

board of directors of Alcan since 1985. Mr. Newall has been Chairman of the board of directors of NOVA Chemicals Corporation (previously known as Nova Corporation) since 1998 and of Canadian Pacific Railway Limited since 2001. He was the Vice Chairman and Chief Executive Officer of NOVA Chemicals Corporation from 1991 to 1998. He is also a Director of Maple Leaf Foods Inc.

Jacques Bougie, O.C. is a Director on our board of directors and a member of our corporate governance and customer relations committees. Mr. Bougie was President and Chief Executive Officer of Alcan from 1993 to 2001 and was President and Chief Operating Officer of Alcan from 1989 to 1993. He is Chairman of the International Advisory Council of CGI Group Inc. and is a Director of NOVA Chemicals Corporation, McCain Foods Ltd., RONA Inc. and Abitibi Consolidated Inc.

Charles G. Cavell is a Director on our board of directors and a member of our audit, corporate governance and human resources committees. Mr. Cavell recently retired as President and Chief Executive Officer of Quebecor World Inc., one of the world's largest commercial printers, with plants throughout Europe, South America and North America. He currently serves on the board of several commercial and charitable institutions and he is the Vice Chairman of the Board of Governors of Concordia University.

Clarence J. Chandran is a Director on our board of directors and a member of our corporate governance, human resources and customer relations committees. Mr. Chandran is Chairman of the Chandran Family Foundation Inc. He retired as the President, Business Process Services, of CGI Group Inc. in 2004 and retired as Chief Operating Officer of Nortel Networks Corporation in 2001. Mr. Chandran is also a Director of MDS Inc. and Chairman of the board of directors of Conros Corporation and was a Director of Alcan from 2001 to 2003.

C. Roberto Cordaro is a Director on our board of directors and a member of our corporate governance, human resources and customer relations committees. Mr. Cordaro is the President, Chief Executive Officer and has been a Director of Nuvera Fuel Cells, Inc. since 2002. He was Chief Executive Officer of the Motor Coach Industries International from 2000 to 2001 and was Executive Vice President of Cummins Inc. from 1996 to 1999.

Helmut Eschwey is a Director on our board of directors and a member of our corporate governance, human resources and customer relations committees. Dr. Eschwey has been the Chairman of the board of management of Heraeus Holding GmbH, in Germany since 2003. Prior to that, Dr. Eschwey was the head of the plastics technology business at SMS AG from 1994. Before he joined SMS AG, he held management positions at Freudenberg Group of Companies, Pirelli & C. S.p.A. and the Henkel Group.

David J. FitzPatrick became a Director on our board of directors in March 2005 and is a member of the audit and corporate governance committees. He is special advisor to the chief executive officer of Tyco International Ltd. (Tyco). Previously, he was executive vice president and chief financial officer of Tyco, a post he held from September 2002 until March 2005. He was senior vice president and chief financial officer for United Technologies Corporation from June 1998 until September 2002.

Suzanne Labarge is a Director on our board of directors and a member of our audit, corporate governance and human resources committees. Ms. Labarge retired as the Vice Chairman and Chief Risk Officer of the Royal Bank of Canada in September 2004. She was Executive Vice President, Corporate Treasury, of the Royal Bank of Canada from 1995 to 1998.

William T. Monahan is a Director on our board of directors and a member of our corporate governance, human resources and customer relations committees. Mr. Monahan is the retired Chairman and Chief Executive Officer of Imation Corporation, where he served in that capacity from its spin-off from 3M Co. in 1996 to May of 2004. Prior to that, he held numerous executive positions at 3M, including Group Vice President, Senior Vice President of 3M Italy and the Vice President of the Data Storage Division. Mr. Monahan is a Director of Pentair, Inc., Hutchinson Technology Inc. and Mosaic, Inc.

Rudolf Rupprecht is a Director on our board of directors and a member of our audit, corporate governance and customer relations committees. Dr. Rupprecht has been Chairman of the executive board of MAN AG, in Germany since 1996. Prior to that, Dr. Rupprecht occupied various supervisory board positions

within that company which he joined in 1966. Dr. Rupprecht is also a member of the supervisory boards of Salzgitter AG and WalterBau AG and is Chairman of the supervisory board of SMS GmbH.

Edward V. Yang is a Director on our board of directors and a member of our audit, corporate governance and customer relations committees. Mr. Yang is the Chief Executive Officer of the Netstar Group of Companies and is also Operating Partner at ING Barings Private Equity Partners Asia. Prior to his current role, Mr. Yang was also a Corporate Senior Vice President and the President of Asia Pacific at Electronic Data Systems Corporation from 1992 to 2000.

Our Executive Officers

The following table sets forth information as to executive officers of our company who are not directors. Biographical details for each of our executive officers who are not directors are also set forth below. None of the identified officers have retained their positions with Alcan after the separation.

Name	Age	Position
Martha Finn Brooks	45	Chief Operating Officer
Geoffrey P. Batt	57	Senior Vice President and Chief Financial Officer
Christopher Bark-Jones	58	Senior Vice President and President — Europe
Kevin Greenawalt	48	Senior Vice President and President — North America
Jack Morrison	53	Senior Vice President and President — Asia
Antonio Tadeu Coelho Nardocci	47	Senior Vice President and President — South America
Pierre Arseneault	48	Vice President, Strategic Planning and Information Technology
Steven Fehling	58	Vice President Global Procurement and Metal Management
David Godsell	49	Vice President, Human Resources and Environment, Health and Safety
Jo-Ann Longworth	44	Vice President and Controller
Orville G. Lunking	49	Vice President and Treasurer
Leslie J. Parrette, Jr.	43	General Counsel
Brenda Pulley	46	Vice President, Corporate Affairs and Communications
Thomas Walpole	50	Vice President and General Manager, Can Products Business Unit
David Kennedy	55	Corporate Secretary

Martha Finn Brooks is our Chief Operating Officer. Ms. Brooks joined Alcan as the President and Chief Executive Officer of Alcan's Rolled Products Americas and Asia business group in August 2002. Ms. Brooks led three of Alcan's business units, namely North America, Asia and Latin America. Prior to joining Alcan, Ms. Brooks was the Vice President, Engine Business, Global Marketing: Sales at Cummins Inc., a manufacturer of service electric power generation systems, engines and related products. She was with Cummins Inc. for 16 years, where she held a variety of positions in strategy, international business development, marketing and sales, engineering and general management. Ms. Brooks is a member of the board of directors of International Paper Company, a member of the Board of Trustees of Manufactures Alliance, and a Trustee of the Hathaway Brown School. Born in 1959, Ms. Brooks holds a B.A. in Economics and Political Science and a Masters of Public and Private Management specializing in international business from Yale University in the United States.

Geoffrey P. Batt is a Senior Vice President and our Chief Financial Officer. Mr. Batt retired from Alcan in January 2004 after a 29-year career as a senior financial manager with the company. A former Vice President and Financial Controller of Alcan's Rolled Products Americas and Asia business group, Mr. Batt has held senior finance positions in Canada, Switzerland, the United Kingdom, and the United States. Mr. Batt joined Alcan in 1973 as an accountant in Kingston, Canada. In 1985 he was named Director of Planning and Finance of Alcan Enterprises North America in Montreal. Two years later he became Finance Director, New Business for Alcan Aluminium S.A. In 1988, he assumed the position of New Business Development Manager of British Alcan. He returned to Montreal in 1991 as Assistant Controller for Alcan Aluminium Limited. Mr. Batt became Treasurer of Alcan Aluminium Limited in 1997 and Chief Financial Officer of Alcan Europe in 1998. Born in 1947 and a native of Keynsham, England, Mr. Batt attended Queen's University in Kingston, Ontario. In 1975, Mr. Batt received his accounting designation from The Certified General Accountant's Association of Canada.

Christopher Bark-Jones is a Senior Vice President and the President of our European operations. Mr. Bark-Jones was the President and Chief Executive Officer of Alcan Rolled Products, Europe from January 2002 until January 2005. He held several other positions with Alcan: Vice President, Corporate Development and Chief Financial Officer, Alcan Europe (from August 2000 to January 2002) and the Chairman and Chief Executive Officer of Indian Aluminum Company, Limited, a company listed on the Indian stock exchange (from October 1998 to August 2000). Mr. Bark-Jones was the Chief Financial Officer of British Alcan Aluminium plc from July 1991 to June 1996, and the Chief Financial Officer of Alcan Europe Ltd. from its formation on June 1996 until October 1998. He is past Chairman of the European Aluminum Association. Before joining Alcan in 1978, Mr. Bark-Jones was an investment research analyst at Morgan Guarantee Trust Company. Born in 1946 in Liverpool, England Mr. Bark-Jones has an MA in economics from Cambridge University in England and an MBA from Insead Business School in France.

Kevin Greenawalt is a Senior Vice President and the President of our North American operations. Mr. Greenawalt was the President of Rolled Products North America from April 2004 until January 2005. Mr. Greenawalt was with Alcan since 1983, holding various managerial positions in corporate and business planning, operations planning, manufacturing, sales and business unit management. Prior to the Rolled Products North America position, his most recent position at Alcan was Vice President, Manufacturing for Rolled Products Europe based in Zurich, Switzerland, where he was responsible for ten facilities in Germany, Switzerland, Italy and the United Kingdom. In the late 1990s, Mr. Greenawalt led the Alcan North American Light Gauge Products business unit. Born in 1956, Mr. Greenawalt holds an MBA and a Bachelor of Science in Industrial Administration from Carnegie-Mellon University in the United States. He participated in the International Masters Program in Practicing Management (UK, Canada, India, Japan, France) and was trained in Japan in Kaizen and Lean Manufacturing.

Jack Morrison is a Senior Vice President and the President of our Asian operations. Mr. Morrison was the President, Rolled Products Asia and Chief Executive Officer of Alcan Taihan Aluminum Limited from June 2000 until January 2005. Mr. Morrison has been responsible for Aluminium Company of Malaysia since November 2001. Mr. Morrison has over 30 years experience in the aluminum industry having worked for Alcoa and Consolidated Aluminum prior to joining Alcan in 1981. Prior to his assignment in Asia, Mr. Morrison was the President of Alcan Sheet Products, North America located in Cleveland, Ohio, United States. Born in 1952, Mr. Morrison holds a Bachelor of Science in Industrial Management from Purdue University in the United States.

Antonio Tadeu Coelho Nardocci is a Senior Vice President and President of our South American operations following the separation. Mr. Nardocci joined Alcan in 1980. Mr. Nardocci was the President of Rolled Products South America from March 2002 until January 2005. Prior to that, he was a Vice President of Rolled Products operations in Southeast Asia and Managing Director of Alcom — Aluminum Company of Malaysia in Kuala Lumpur, Malaysia. Born in São Paulo, Brazil in 1957, Mr. Nardocci graduated from the University of São Paulo with a degree in metallurgy. Mr. Nardocci is a member of the executive board of the Brazilian Aluminum Association.

Pierre Arseneault is our Vice President, Strategic Planning and Information Technology. He is responsible for developing our global strategic planning efforts and leading our organization's information technology function. Mr. Arseneault joined Alcan in 1981. Mr. Arseneault was a Vice President of Alcan from December 2003 until January 2005. In his 23 years with Alcan, he held different key positions. He led the Pechiney integration from December 2003 to May 2004. He was President of Rolled Products North America from August 2001 to December 2003 and President of light gauge in North America and Asia from August 2000 to August 2001. From April 1997 until August 2000, based in Asia, Mr. Arseneault held the position of Vice President of South East Asia. During the prior 15 years, he held different positions in Alcan's Primary Metal group. Born in 1956 in Victoriaville, Canada, Mr. Arseneault graduated from Polytechnique University, where he earned a Bachelor's Degree in Industrial Engineering. He also has a Masters Degree in international management from the International Masters Program in Practicing Management (IMPM), a cooperative venture of business schools in five countries around the world — Canada, England, France, India, and Japan.

Steven Fehling is Vice President, Global Procurement and Metal Management for Novelis Inc. He is responsible for developing procurement strategy, driving global procurement improvement initiatives and for large and multi-continent contracts. He is also responsible for leading the development and implementation of policies on metal pricing, hedging, trading and the global procurement of metal. Mr. Fehling has 20 years of experience in the industry. Since joining Alcan in 1990 as Vice President Planning & Marketing for the company's Recycling Division, Mr. Fehling held a series of senior level management positions for the organization. Prior to the separation from Alcan, he led global purchasing, maintained a leadership role in strategic metal policy development and day-to-day metal management and hedging activities for Alcan Rolled Products Americas and Asia business group as Vice President Metal Management and Purchasing. Mr. Fehling holds an M.B.A. with a major in Logistics from Indiana University, and a Bachelor in Industrial Management from Purdue University. He is also a graduate of the advanced management program at Harvard University. Active in the aluminum industry, Mr. Fehling has served on the Executive Committee and the Board of Directors of the Aluminum Association.

David Godsell is our Vice President, Human Resources and Environment, Health and Safety. In this position, he has global responsibilities for all aspects of our organization's human resources function as well as environment, health and safety. Mr. Godsell joined Alcan in 1979. After joining Alcan, he held human resources positions of increasing responsibility within the downstream Alcan fabrication group before transferring to Alcan's smelting company in British Columbia. From 1996 until January 2005, Mr. Godsell was the Vice President of Human Resources and Environment, Health and Safety for Alcan Rolled Products Americas and Asia. Mr. Godsell began his career with the Continental Can Company in 1978 prior to joining Alcan. Born in 1955, Mr. Godsell holds a Bachelor of Arts in Economics from Carleton University in Ottawa, Canada.

Jo-Ann Longworth is our Vice President and Controller. From August 2003 until January 2005, Ms. Longworth was Vice President and Business Finance Director for Rolled Products Americas and Asia in Cleveland, Ohio, United States. Ms. Longworth joined Alcan in 1989 and has progressed through a series of financial positions with several Alcan businesses. After starting her career in the Controller's department as Manager of Accounting Research in Montreal, she subsequently became the controller for Alcan's North American Foil Products division in Toronto in 1993 before moving to Jamaica three years later as Chief Financial Officer of the bauxite and alumina facilities there. In 2000, Ms. Longworth relocated back to Montreal and held the post of Financial Director in the Primary Metals Group for Quebec and United States prior to becoming Director, Investor Relations for Alcan in 2002. Before joining Alcan, Ms. Longworth was an audit manager at Price Waterhouse. Born in Montreal in 1961, she attended Concordia and McGill universities and is a Canadian Chartered Accountant.

Orville G. Lunking is our Vice President and Treasurer. From August 2001 until January 2005, Mr. Lunking was the Corporate Treasurer of Smithfield Foods, Inc. Previously, from July 1997 to August 2001, Mr. Lunking was the Assistant Treasurer for Sara Lee Corporation. From 1991 to July 1997, Mr. Lunking was the Director of Global Finance for AlliedSignal Inc., now known as Honeywell International Inc. Mr. Lunking also worked for seven years, from 1984 to 1991, as a senior associate and then Vice President in a broad range of corporate financial service areas at Bankers Trust in New York. He began his career in the

Treasurer's Office of General Motors in New York, from 1981 to 1984. Mr. Lunking was born in Johannesburg, South Africa in 1955 and graduated with an undergraduate degree in geography from Dartmouth College and an MBA in finance from the Wharton School of the University of Pennsylvania.

Leslie J. Parrette, Jr. joined Novelis as General Counsel in March 2005. From July 2000 until February 2005, he served as Senior Vice President and General Counsel of Aquila, Inc., an international electric and gas utility and energy trading company. From September 2001 to February 2005, he also served as Corporate Secretary of Aquila. Prior to joining Aquila, Mr. Parrette was a partner in the Kansas City-based law firm of Blackwell Sanders Peper Martin LLP from April 1992 through June 2000. Born in 1961, Mr. Parrette holds an A.B., *magna cum laude*, in Sociology from Harvard College (1983) and received his J.D. from Harvard Law School (1986).

Brenda D. Pulley is our Vice President, Corporate Affairs and Communications. She has global responsibility for our organization's corporate affairs and communication efforts, which include branding, strategic planning, and internal and external communications. She was Vice President, Corporate Affairs and Government Relations of Alcan from September 2000 to 2004. Upon joining Alcan in 1998, Ms. Pulley was named Director, Government Relations. She has served as Legislative Assistant to Congressman Ike Skelton of Missouri and to the U.S. House of Representatives Subcommittee on Small Business, specializing in energy, environment, and international trade issues. She also served as Executive Director for the National Association of Chemical Recyclers, and Director, Federal Government Relations for Safety-Kleen Corp. Ms. Pulley currently serves as the Chairperson for America Recycles Day and on the board of directors for the League of American Bicyclists. Born in 1958, Ms. Pulley earned her Bachelor of Science degree from Central Missouri State University in the United States majoring in Social Science, with a minor in communications.

Thomas Walpole is Vice President and General Manager, Can Products Business Unit for Novelis Inc. He is responsible for developing and coordinating Novelis' global strategy in the can market, including recycling and promotion and also leads the Can Product business unit in North America. Mr. Walpole has over twenty-five years of aluminum industry experience having worked for Alcan since 1979. Prior to his recent assignment, Mr. Walpole held international positions for the organization in Europe and Asia until 2004. He began as Vice President, Sales, Marketing & Business Development for Alcan Taihan Aluminum Ltd. (ATA) and most recently was President of the Litho/ Can and Painted Products for the Europe region. Born in 1954, Mr. Walpole graduated from State University of New York at Oswego with a Bachelor of Science degree in accounting, and holds a Master of Business from Case Western Reserve University.

David Kennedy is our Corporate Secretary. Since joining Alcan in 1979, Mr. Kennedy has held various legal and business positions within the Canadian downstream businesses of the Alcan Group, including Senior Counsel, with a general focus on business transactions. Since 1997, he has served as counsel to global projects related to Y2K and most recently Alcan's TARGET project responding to evolving public policies to address global warming. In his capacity as Manager Code of Conduct from 1997 to 2000, Mr. Kennedy provided leadership and advice in the administration of Alcan's Code of Conduct, a document reflecting the legal-ethical framework in which Alcan conducts its operations throughout the world. Mr. Kennedy is a member of a number of professional and business associations, including the Canadian Bar Association. From 1990 to 1998 he served as Chairman of the Competition Law Policy Committee, Canadian Alliance of Manufacturers and Exporters. He is presently a Director of the Canadian Centre for Ethics and Corporate Policy, the Canadian German Chamber of Commerce and Family Awareness of Mental Health Everywhere. Born in 1949, Mr. Kennedy is a graduate of the University of Western Ontario and University of Toronto Law School. He has been a member of the Ontario bar since 1976.

Board of Directors and Corporate Governance Matters

We are committed to the highest levels of corporate governance practices, which we believe are essential to our success and to the enhancement of shareholder value. Our shares are listed on the Toronto and New York Stock Exchanges and we make required filings with the Canadian and U.S. securities regulators. We make these filings available on our website at http://www.novelis.com as soon as reasonably practicable after they are electronically filed. Novelis is subject to a variety of corporate governance and disclosure

requirements. Novelis' corporate governance practices meet the Toronto Stock Exchange Corporate Governance Guidelines, or the TSX Guidelines, and other applicable stock exchange and regulatory requirements and ensure transparency and effective governance of the Company.

Our Board of Directors will regularly review corporate governance practices in light of developing requirements in this field. As new provisions come into effect, our Board of Directors will reassess our corporate governance practices and implement changes as and when appropriate. The following is an overview of our corporate governance practices.

Novelis Board of Directors

Our Board of Directors has the responsibility for stewardship of our company, including the responsibility to ensure that we are managed in the interest of our shareholders as a whole, while taking into account the interests of other stakeholders.[1] Our Board of Directors supervises the management of our business and affairs and discharges its duties and obligations in accordance with the provisions of (1) the CBCA, (2) our articles of incorporation and bylaws, (3) the charters of our Board of Directors and its committees, and (4) other applicable legislation and company policies.

Our corporate governance practices require that, in addition to its statutory duties, the following matters be subject to Board approval: (1) capital expenditure budgets and significant investments and divestments, (2) our strategic and value-maximizing plans,[2] (3) the number of Directors within the limits provided in our articles of incorporation and (4) any matter which may have the potential for important impact on our company. The Board intends to review the composition and size of the Board once a year.[3] All new directors will receive a Board Manual containing a record of historical public information about the company, as well as the charters of the Board and its committees, and other relevant corporate and business information. Senior management makes regular presentations to the Board on the main areas of our business. Directors are invited to tour our various facilities.[4]

Corporate Governance Guidelines

The Board of Directors has adopted a Charter that establishes various corporate governance guidelines relating to, among other things, the composition and organization of the Board of Directors, the duties and responsibilities of the Board of Directors and the resources and authority of the Board of Directors. Under the Board of Director's Charter, which is available on our website at www.novelis.com and is available in print upon request from our shareholders from our Corporate Secretary, every meeting of the Board of Directors is to be followed by an executive session at which no executive Directors or other members of management are present. These executive sessions are designed to ensure free and open discussion and communication among the non-management Directors. Presently, the Chairman of the Board of Directors leads these meetings.[5] Stockholders and other interested parties may communicate with the Board of Directors or any individual member or committee thereof at the address of our headquarters, care of Corporate Secretary or by sending an email to david.kennedy@novelis.com. All such communications will be received by the Corporate Secretary, who will promptly forward relevant communications to the appropriate director or Board committee.

Note 1: Refers to TSX Guideline 1.
Note 2: Refers to TSX Guideline 1(a).
Note 3: Refers to TSX Guideline 7.
Note 4: Refers to TSX Guideline 6.
Note 5: Refers to TSX Guideline 12.

Independence of Our Board of Directors[6]

To assist in determining the independence of its members, our Board of Directors has established Guidelines on the Independence of the Directors of Novelis. The definition of an independent director under the Guidelines on Independence encompasses both the definition of an "unrelated" director within the meaning of the TSX Guidelines and of an "independent" director within the meaning of the rules of the New York Stock Exchange. Such a director must not have any material relationship with us, either directly or as a partner, shareholder or officer of a company that has a relationship with us and must not have an interest or relationship which could reasonably be perceived to interfere with his or her ability to act in the best interests of our company (an "independent director"). Under the Guidelines on Independence, the following relationships generally will be considered not to be material relationships that would impair a director's independence: (1) if a director is an officer, partner or significant shareholder in an entity that does business with us and the annual sales or purchases, for goods or services, to or from us are less than two percent of the consolidated gross annual revenues of that entity; (2) if a director is a limited partner, a non-managing member or occupies a similar position in an entity that does business with us, or has a shareholding in such entity which is not significant, and who, in each case, has no active role in sales to or in providing services to us and derives no direct material personal benefit from the same; and (3) if a director services as an officer, director or trustee of a charitable organization and our charitable contributions to the organization are less than two percent of that organization's total consolidated gross annual revenues. For purposes of the Guidelines on Independence, a "significant shareholding" means direct or indirect beneficial ownership of five percent or more of the outstanding equity or voting rights of the relevant entity. Our Board of Directors has determined that all members of the board of directors with the exception of Brian W. Sturgell, are independent directors.

The Guidelines on Independence establish standards for members of our Audit, Human Resources and Nominating Committees. This definition of independence corresponds to the Audit Committee member independence qualification under the U.S. Sarbanes-Oxley Act of 2002 (SOX). To meet the SOX Audit Committee qualification, a director must not, directly or indirectly, accept any consulting, advisory or other compensatory fee from us (except in his or her capacity as director) and may not be an affiliated person of our company or any subsidiary other than in his or her capacity as a member of the Board or any committee of the Board.

Committees of Our Board of Directors

Our Board of Directors has established four standing committees: an Audit Committee, a Corporate Governance Committee, a Human Resources Committee and a Customer Relations Committee. Each committee is constituted by its own charter which is available on our website at www.novelis.com and is available in print upon request from our shareholders from our Corporate Secretary. All four standing committees are required to be made up exclusively of independent directors.[7] Environment, health and safety matters (in addition to matters relating to compensation) are dealt with by the Human Resources Committee.

According to their mandates as set out in their charters, the Board and each of its Committees may engage outside advisors at the expense of Novelis.[8]

Audit Committee and Financial Expert

Our Board of Directors has a separately-designated standing Audit Committee[9] established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, the requirements of the

Note 6: Refers to TSX Guidelines 2 and 3.
Note 7: Refers to TSX Guideline 9.
Note 8: Refers to TSX Guideline 14.
Note 9: Refers to TSX Guideline 13.

CBCA and stock exchange rules. The members of the audit committee are J.E. Newall, O.C., Charles G. Cavell, David J. FitzPatrick, Suzanne Labarge, Rudolf Rupprecht and Edward V. Yang. Our Board of Directors has determined that Suzanne Labarge is an audit committee financial expert as defined by the rules of the Securities and Exchange Commission and that each member of the Audit Committee is independent within the meaning of the applicable New York Stock Exchange and Toronto Stock Exchange listing standards.

The Audit Committee's main objective is to provide an effective overview of our financial reporting process and internal control functions. It will assist our Board of Directors in fulfilling its functions relating to corporate accounting and reporting practices, as well as overseeing financial and accounting controls[10] and reviewing and approving financial statements and proposals for the issuance of securities. The Audit Committee will also identify the principal risks of our business such as volatility in metal price, raw material and energy costs and foreign exchange rates and will oversee the implementation of appropriate measures to manage such risks, including policies and standards relating to risk management.[11]

With respect to compliance and disclosure matters, the Audit Committee will assist management in ensuring that we make timely disclosure of activities[12] that would materially impact our financial statements, that all potential claims against us have been properly evaluated, accounted for and disclosed, and that regular updates are received regarding certain of our policies and practices.

The Audit Committee will review financial information prepared in accordance with U.S. GAAP and non-GAAP financial information in its various forms, including quarterly earnings releases. It will also review major accounting issues that arise and expected changes in accounting standards and processes that may impact our company.

The Audit Committee has direct communication with our external and internal auditors and will meet privately on a regular basis with each of the external and internal auditors and senior members of financial management. It will recommend external auditors for appointment by our shareholders, review their degrees of independence and receive and review regular reports from them. The chairman of the Audit Committee will review the terms of engagement of our external auditors and sign the external auditor's audit engagement letter. The Audit Committee will also discuss with our external auditors the quality and not just the acceptability of our accounting principles and obtain their assurance that the audit was conducted in a manner consistent with applicable laws and regulations. We expect to implement a formal procedure that establishes rules on our employment of former employees of our auditors.

The Audit Committee will assist us in ensuring that our process for monitoring compliance with, and dealing with violations of, our code of conduct, which is described below, is established and updated. In particular, the Audit Committee will establish procedures in relation to complaints or concerns that may be received by us involving accounting, internal accounting controls or audit matters, including the anonymous handling thereof.

Corporate Governance Committee

The Corporate Governance Committee has the broad responsibility of regularly reviewing the company's corporate governance practices in general. Our Corporate Governance Committee is composed entirely of independent directors.[13]

The Corporate Governance Committee's main duties are to oversee the composition and size of our Board of Directors and nominate new directors. It will review candidates for nomination as directors and

Note 10: Refers to TSX Guideline 1(e).
Note 11: Refers to TSX Guideline 1(b).
Note 12: Refers to TSX Guideline 1(d).
Note 13: Refers to TSX Guideline 10.

recommend candidates for election to our Board of Directors.[14] The Corporate Governance Committee will develop position descriptions for our Board of Directors, the chairman of our Board of Directors and our chief executive officer and approve our chief executive officer's corporate objectives.[15] The Corporate Governance Committee is allowed to employ search firms for identifying and evaluating Director nominees. We do not anticipate having a specific policy regarding nominations to our Board of Directors made by our shareholders. However, shareholders representing five percent or more of our shares entitled to vote may propose nominees for election as directors by following the procedures set out in the CBCA.

The Corporate Governance Committee assesses and ensures on an annual basis the effectiveness of our Board of Directors as a whole, of each committee of our Board of Directors and the contribution of individual directors, including our chief executive officer.[16] Each director will complete a survey of Board effectiveness on an annual basis which we anticipate will cover the subjects under the categories of Board composition, responsibility, meetings and committees. As part of this survey, each of our directors will be asked to complete a self-evaluation and an evaluation of other individual members of our Board of Directors. The Corporate Governance Committee will also assess our Board's relationship with management and recommend, where necessary, limits on our management's authority to act without explicit approval of our Board of Directors.

The Corporate Governance Committee's mandate also includes recommending levels of compensation for our directors. To this end, the Corporate Governance Committee considers recommendations from the Human Resources Committee and considers factors such as time commitment, risks and responsibilities.[17]

Human Resources Committee

The Human Resources Committee has the broad responsibility to review human resources policy and employee relations matters and makes recommendations with respect to such matters to our Board of Directors or our chief executive officer, as appropriate. The Human Resources Committee is composed entirely of independent directors. Its specific roles and responsibilities are set out in its charter. The Human Resources Committee will periodically review the effectiveness of our overall management organization structure and succession planning for senior management,[18] review recommendations for the appointment of executive officers, and consider and make recommendations to our Board of Directors based on trends and developments in the area of human resource management.

The Human Resources Committee will establish our general compensation philosophy and oversee the development and implementation of compensation policies and programs. It also will review and approve the level of and/or changes in the compensation of individual executive officers, except that in the case of the chief executive officer and chief operating officer, it will make recommendations regarding compensation and objectives to the Board of Directors, in each case taking into consideration individual performance and competitive compensation practices.

The Human Resources Committee has the responsibility of reviewing our policy, management practices and performance in environment, health and safety matters and making recommendations to our Board of Directors on such matters in light of current and changing requirements. The Human Resources Committee also will review, assess and provide advice to our Board of Directors on policy, legal, regulatory and consumer trends and developments related to the environment, as they impact us, our employees, businesses, processes and products.

Note 14: Refers to TSX Guideline 4.
Note 15: Refers to TSX Guideline 11.
Note 16: Refers to TSX Guideline 5.
Note 17: Refers to TSX Guideline 8.
Note 18: Refers to TSX Guideline 1(c).

Customer Relations Committee

In an advisory capacity, the Customer Relations Committee reviews information furnished by management, provides advice and counsel, and serves as a conduit for communications with the Board of Directors for the purposes of deepening the Board's understanding of (a) key end-use markets served by us (and new markets that, in the foreseeable future, may be served by us), (b) our existing and prospective customers in such markets, (c) the nature of our relationships with such customers (and efforts to further develop such relationships), (d) the needs of, and trends facing, our customers and key end-use markets, (e) the fact base regarding new markets and customers that, in the foreseeable future, may be served by the Company, and (f) our efforts to identify and implement best practices in the areas of marketing and sales.

Code of conduct

We have adopted a Code of Conduct that governs all our employees as well as our directors. As an annex to the Code of Conduct and supplemental thereto, we will adopt additional standards that are specifically tailored to our business operations around the globe. We also have a code of ethics for senior financial officers, including the chief executive officer, the chief financial officer and the controller. Copies of these codes are posted on our Internet site to emphasize the importance we place on adherence to the highest ethical standards. We will promptly disclose any future amendments to the codes on our Internet site as well as any waivers from the Code for executive officers and directors. Copies of the codes are also available in print upon request from our shareholders from our Corporate Secretary.

We also expect to adopt "whistleblower" procedures so that an employee can anonymously report concerns that he or she may have regarding compliance with corporate policies, the code of conduct, applicable laws or auditing, internal accounting controls and accounting matters.

Section 16(a) Beneficial Ownership Reporting Compliance

As a foreign private issuer, our executive officers, directors and principal shareholders are not subject to the insider reporting and short swing profit recovery rules under Section 16 of the Exchange Act.

Item 11. *Executive Compensation*

Director Compensation

Each non-executive director of our company is entitled to receive compensation equal to $150,000 per year, payable quarterly, except that the directors who are members of our audit committee are entitled to $155,000. The chairman of our board of directors is to receive compensation equal to $350,000 per year, and the chairman of our audit committee is entitled to receive $175,000 per year. We have adopted a non-executive deferred share unit plan. 50% of our directors' compensation is required to be paid in the form of director's deferred share units, or DDSUs, and 50% in the form of either cash or additional DDSUs at the election of each non-executive director. An employee of our company who is a director is not entitled to receive fees for serving on our board of directors.

Because at least half of the non-executive directors' compensation will be paid in DDSUs, they are not required to own a specific amount of our shares. DDSUs are the economic equivalent of shares. A director cannot redeem the accumulated DDSUs until he or she ceases to be a member of our board of directors.

Our board of directors believes that compensation in the form of DDSUs together with the requirement for our non-executive directors to retain all DDSUs until retirement help to align the interests of our non-executive directors with those of our shareholders.

The number of DDSUs to be credited each quarter will be determined by dividing the quarterly amount payable by the average per share price of our shares on the Toronto and New York stock exchanges on the last five trading days of the quarter. Additional DDSUs will be credited to each non-executive director corresponding to dividends declared on our shares. The DDSUs are redeemable only upon termination of the directorship as a result of retirement, resignation or death. The amount to be paid by us upon redemption will

be calculated by multiplying the accumulated balance of DDSUs by the average per share price of our shares on those exchanges at the time of redemption.

Our non-executive directors are entitled to reimbursement for transportation and other expenses incurred in attending meetings of our board of directors and meetings of committees of our board of directors. Our non-executive directors who are not Canadian residents are entitled to reimbursement for tax advice related to compensation.

Executive Compensation

The human resources committee is responsible for administering the compensation program for our executive officers. Our executive compensation program will be based upon a pay-for-performance philosophy. Under our program, an executive's compensation is based on three components, namely, base salary, annual incentives and long term incentives.

Base Salary

We anticipate that the target salary will be the mid-point of a salary range for an executive officer and reflect the competitive level of similar positions in the compensation peer groups. The companies identified as part of our peer group are comparable to us in terms of size, industry sector and level of international sophistication. Actual base salaries for executive officers will reflect the individual's performance and contribution to our company. Base salaries of our executive officers will be reviewed annually and any proposed changes will be approved by the human resources committee.

Annual Incentives

Our short term incentive plan is administered by the human resources committee, and has two components, each based on a different aspect of our performance: (1) 90% of the incentive opportunity of an executive will be based on our overall profitability as measured against cash flow and economic value added targets and (2) 10% of the incentive opportunity will be based on the achievement of environment, health and safety objectives as measured against pre-established targets. For each position, a target award will be set (expressed as "percent of target base salary") reflecting both the responsibilities of the position and the competitive compensation levels.

We expect to review our annual incentives program during 2005 in order to make recommendations to our human resources committee by the end of 2005. We expect these recommendations will be implemented by January 2006.

Long-term Incentives

The purpose of our long term incentives is to attract and retain employees and to encourage them to contribute to our growth and long term success. We anticipate that our long term incentives will include stock options. On January 5, 2005, our board of directors adopted the Novelis Conversion Plan of 2005 to allow for all Alcan stock options held by employees of Alcan who became employees of our company following our separation from Alcan to be replaced with options to purchase our common shares and for new options to be granted. New options granted under the Novelis Conversion Plan of 2005 will have a vesting period determined by our human resources committee and will expire no more than ten years after the date of grant, except in the case of death or retirement, in which case the options will expire not later than five years after the earlier of such death or retirement. In the case of an unsolicited change of control of our company, vesting will accelerate. The number of options granted will be based on the level of an executive's position, the executive's performance in the prior year and the executive's potential for continued sustained contributions to our success. Stock options will only produce value to executives if our share price appreciates, thereby directly linking the interests of executives with those of our shareholders. The number of shares underlying options available for grant under the Novelis Conversion Plan of 2005 at March 15, 2005 is 2,219,667. We anticipate further that stock price appreciation units may be granted instead of options to certain employees due to certain local conditions of their country of residence. A stock price appreciation unit is a right to receive cash

in an amount equal to the excess of the per share market value of our shares on the date of exercise of a stock price appreciation unit over the per share market value of our shares as of the date of grant of such stock price appreciation unit.

On March 24, 2005, our board of directors adopted the Novelis Founders Performance Award Plan to allow for a one-time additional compensation opportunity for certain of our executives, including those listed in the compensation table below. Participants are awarded performance share units if share price improvement targets for 2006, 2007 and 2008 are achieved. Performance share units will not be awarded unless the share price improvement targets are achieved. A performance share unit is the right to receive cash in an amount equal to the market price of one of our shares at the time of payment. Performance share units are settled in cash at the times prescribed in the plan.

The following table sets forth compensation information for our chief executive officer and our four other executive officers who, based on the salary and bonus compensation received from Alcan, were the most highly compensated of our executive officers for the year ended December 31, 2004. All information set forth in this table reflects compensation earned by these individuals for service with Alcan for the years ended December 31, 2004 and December 31, 2003.

		Annual Compensation			Long term Compensation Awards(i)		
Name and Principal Position	Year	Salary (in $)	Bonus (Executive Performance Award)(ii) (in $)	Other Annual Compensation (in $) (iii)	Restricted Share Units ($CAN)	Shares Underlying Options Granted/ Stock Price Appreciation Units(iv) (#)	All Other Compensation (in $)
Brian W. Sturgell,	2004	781,200	932,257	280,686(v)	0	221,100	41,301(vi)
Director and Chief Executive Officer	2003	600,000	561,845	254,115(v)	404,815(vii)	69,600	29,679(vi)
Martha Finn Brooks,	2004	514,400	631,538	50,723(viii)	0	78,600	14,666(ix)
Chief Operating Officer	2003	440,000	445,608	32,661(viii)	0	36,000	16,440(ix)
Chris Bark-Jones,	2004	440,600	395,210	43,892(x)	0	64,200(xi)	0
Senior Vice President and President — Europe	2003	375,000	465,972	9,659(x)	0	27,600(xi)	8,348(xii)
Pierre Arseneault,	2004	300,000	257,731	37,285(xiii)	0	23,700	12,214(xiv)
Vice President Strategic Planning and Information Technology	2003	272,000	186,045	23,145(xiii)	0	9,900	10,880(xiv)
Jack Morrison,	2004	251,088	206,150	329,512(xv)	0	15,000	12,346(xvi)
Senior Vice President and President — Asia	2003	239,013	145,290	292,892(xv)	0	8,400	13,588(xvi)

(i) There were no long term incentive plan payouts.

(ii) Alcan's executive performance award plan, or EPA Plan, has two components, each based on a different aspect of performance: (1) the profitability of Alcan as measured by economic value added, or EVA (a registered trademark of Stern Stewart & Co.), and (2) the performance of Alcan relative to environment, health and safety, or EHS, objectives. For each position a target award is set (expressed as "percent of target base salary") reflecting both the responsibilities of the position and the competitive compensation levels. The first component is 90% of the incentive compensation opportunity of an executive and is based on the overall profitability of Alcan as measured against the quantifiable financial metric EVA. The incentive compensation for executive officers who are part of Alcan's corporate head office is contingent upon performance versus the pre-established EVA target for Alcan, while the incentive compensation for executive officers who are responsible for a business group is contingent on meeting the pre-established EVA objectives of their respective business group. The second component

is 10% of the incentive compensation opportunity of an executive and is based on the achievement of the EHS objectives as measured against pre- established targets. The overall award paid is the sum of the weighted results of each component (i.e., EVA and EHS) modified by the rating for the individual performance and contribution to Alcan. The award paid may vary from zero when the results achieved are less than the minimum threshold set by Alcan's human resources committee, to 200% of the target award when the results achieved are at or exceed the maximum level which was set by Alcan's human resources committee.

(iii) Included in this column for one or more executive officers are amounts relating to professional financial advice, club memberships, tax equalization (amounts paid such that net income after taxes was not less than it would have been in the United States), expatriate-related compensation, relocation allowances and housing (including interest on housing-related loans transferred to third party financial institutions).

(iv) See "— Grants of Alcan Stock Price Appreciation Units" below for a description of the stock price appreciation unit plan. The Alcan executive share option plan provides for the granting to senior employees of non-transferable options to purchase Alcan common shares. Certain executive officers and other management employees of Alcan have received over the years options under one or more of the six classes of Alcan options, namely A, B, C, D, E and F Options. With respect to the five executive officers named in the table above, only the C Options are applicable for the years 2004 and 2003. See "— Grants of Alcan Stock Options" below for a description of the C Options.

(v) Amounts include $254,756 (in 2004) and $219,155 (in 2003) for tax equalization.

(vi) Amounts for 2004 include $27,225 in respect of savings plans and $14,076 in respect of life insurance. Amounts for 2003 include $25,875 in respect of savings plans and $3,804 in respect of life insurance.

(vii) Granted as 7,175 Alcan restricted share units based on the market value of the Alcan shares on the date of grant, which was $CAN56.42. Alcan employees who became Novelis employees at the separation and who held restricted share units were entitled to receive a payment of the value of those units from Alcan.

(viii) Amounts for 2004 include $18,211 for tax equalization. Amounts for 2003 include $11,520 in a plan for professional financial advice and for club membership fees and $13,033 for housing assistance.

(ix) Amounts for 2004 include $12,902 in respect of savings plans and $1,764 in respect of life insurance. Amounts for 2003 include $15,480 in respect of savings plans and $960 in respect of life insurance.

(x) Amounts for 2004 include $38,015 for exchange rate equalization. Amounts for 2003 include $4,839 for automobile usage and $3,217 for professional financial advice.

(xi) Granted as Alcan stock price appreciation units, or SPAUs.

(xii) Amount relates to tuition for training programs.

(xiii) Amounts for 2004 include $23,341 for expatriate-related compensation. Amounts for 2003 include $7,008 in a plan for professional financial advice and club membership fees.

(xiv) Amounts for 2004 include $10,804 in respect of savings plans and $1,410 in respect of life insurance. Amounts for 2003 include $9,240 in respect of savings plans and $1,640 in respect of life insurance.

(xv) Amounts for 2004 include $132,763 for housing expenses and $110,422 for expatriate-related compensation. Amounts for 2003 include $146,081 for housing expenses and $110,574 for expatriate-related compensation.

(xvi) Amounts for 2004 include $11,119 in respect of savings plans and $1,227 in respect of life insurance. Amounts for 2003 include $12,149 in respect of savings plans and $1,439 in respect of life insurance.

Other Compensation

In addition to benefits under stock option or stock price appreciation unit plans, compensation benefits made available to senior employees will include (1) retirement benefit plans, (2) life insurance plans, (3) savings plans, (4) plans for the use of automobiles, (5) plans for professional financial advice and for club membership fees, and (6) in applicable cases, expatriate benefits, tax equalization payments and housing assistance.

Alcan Stock Options

Grants of Alcan Stock Options

The Alcan executive share option plan provides for the granting to senior employees of non-transferable options to purchase Alcan common shares. Throughout the years, various series with each its own conditions have been granted to senior employees. Since September 23, 1998, the Alcan executive share option plan has provided for options referred to as C Options. C Options are the only class of Alcan options applicable for the executive officers named in the compensation table under " — Executive Compensation" for 2004 and 2003. The exercise price per Alcan common share under C Options is set at not less than 100% of the market value of the Alcan common share on the effective date of the grant of each C Option. The C Option is exercisable (not earlier than three months after the effective date) in respect of one-third of the grant when the market value of the Alcan common share has increased by 20% over the exercise price, two-thirds of the grant when the market value of the Alcan common share has so increased by 40% and the entire amount of the grant when the market value of the Alcan common share has so increased by 60%. The market value of Alcan common shares must exceed those thresholds for at least 21 consecutive trading days. Those thresholds are waived 12 months prior to the expiry date, which is 10 years after the effective date. In the event of death or retirement, any remainder of this 10-year period in excess of five years is reduced to five years, and the relevant thresholds are waived.

The following table shows all grants of options to purchase Alcan common shares granted to the executive officers named in the compensation table under " — Executive Compensation" above for the year ended December 31, 2004 under the Alcan executive share option plan.

Name	Shares Under Options Granted (#)	Percent of Total Options Granted to Alcan Employees in 2004	Exercise Price ($CAN/Share)	Expiration Date	Potential realizable value at assumed annual rates of share price appreciation for option term ($CAN)(ii)	
					5%	10%
B. W. Sturgell	(i)221,100	8.3%	58.15	September 21, 2014	8,085,676	20,490,691
M. F. Brooks	(i) 78,600	2.9%	58.15	September 21, 2014	2,874,419	7,284,343
P. Arseneault	(i) 23,700	0.9%	58.15	September 21, 2014	866,714	2,196,424
J. Morrison	(i) 15,000	0.6%	58.15	September 21, 2014	548,553	1,390,142

(i) Date of grant: September 22, 2004.

(ii) Reflects the value of the stock option on the date of grant assuming (1) for the 5% column, a 5% annual rate of appreciation in Alcan common shares over the term of the option and (2) for the 10% column, a 10% annual rate of appreciation in Alcan common shares over the term of option, in each case without discounting to net present value and before income taxes associated with the exercise. The 5% and 10% assumed rates of appreciation are based on the rules of the SEC and do not represent our estimate or projection of the future price of Alcan common shares. The amounts in this table may not necessarily be achieved.

Exercise of Alcan Stock Options

The following table shows aggregate exercises of options to purchase Alcan common shares in the fiscal year ended December 31, 2004 by the executive officers named in the compensation table under " — Executive Compensation" above.

Name	Shares Acquired on Exercise (#)	Value Realized ($CAN)	Shares Underlying Unexercised Options at Dec. 31, 2004(i) (#)	Value of Unexercised In-the-Money Options at December 31, 2004 (i) ($CAN)
B. W. Sturgell	167,450	2,734,759	E: 0	E: 0
			U: 379,700	U: 1,945,328
M. F. Brooks	25,934	561,082	E: 45,334	E: 13,147
			U: 150,232	U: 560,170
C. Bark-Jones	10,367	156,618	E: 0	E: 0
			U: 2,333	U: 29,372
P. Arseneault	11,134	216,628	E: 0	E: 0
			U: 44,866	U: 254,768
J. Morrison	39,300	575,712	E: 0	E: 0
			U: 35,300	U: 235,853

(i) E: Exercisable U: Unexercisable

The above table summarizes, for each of the executive officers, (1) the number of Alcan common shares acquired by options exercised during 2004, (2) the aggregate value realized upon exercise, which is the difference between the market value of the underlying shares on the exercise date and the exercise price of the option, (3) the total number of shares underlying unexercised options held at December 31, 2004 and (4) the aggregate value of unexercised in-the-money options at December 31, 2004, which is the difference between the exercise price of the options and the market value of the shares on December 31, 2004, which was $CAN58.97 per share. The aggregate values indicated with respect to unexercised in-the-money options at year-end have not been, and may never be, realized. These options have not been, and may never be exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise.

Treatment of Alcan Stock Options

As of the separation date, we replaced all of the options granted under the Alcan Executive Share Option Plan held by employees of Alcan immediately prior to the separation who became our employees, including our executive officers, with options to purchase our common shares. As of March 16, 2005 our employees held stock options covering 2,701,028 common shares at a weighted average exercise price per share of $21.60. Under the Alcan Executive Share Option Plan, options vested based upon Alcan's stock price performance. All converted options that were vested on the separation date continued to be vested. Any that were unvested will vest in four equal instalments on the anniversary of the separation date on each of the next four years. In the case of an unsolicited change of control of our company, vesting will accelerate.

Alcan Stock Price Appreciation Units

Grants of Alcan Stock Price Appreciation Units

The Alcan stock price appreciation unit plan, or SPAU Plan, provides for the granting to senior employees of Alcan stock price appreciation units, or SPAUs. The SPAU Plan is administered by the Alcan human resources committee. A SPAU is a right to receive cash in an amount equal to the excess of the market value of Alcan common shares on the date of exercise of a SPAU over the market value of Alcan common shares as of the date of grant of such SPAU. SPAUs may be exercised in the same manner as C Options, described above. Grants are made under the SPAU Plan instead of under the Alcan executive share option plan due to certain local conditions of countries of the employees' residence.

The following table shows all grants of SPAUs granted to the executive officers named in the compensation table under " — Executive Compensation" above for the year ended December 31, 2004 under the SPAU Plan.

Name	Shares granted under SPAUs (#)	Percent of total SPAUs granted to employees in 2004	Exercise price and market value on date of grant ($CAN/share)	Expiration Date	Potential realizable value at assumed rates of share price appreciation for option term ($CAN)(ii)	
					5%	10%
C. Bark-Jones	64,200	23.4%	58.15	September 21,2014	2,347,808	5,949,807

(i) Date of grant: September 22, 2004

(ii) Reflects the value of the SPAU on the date of grant assuming (1) for the 5% column, a 5% annual rate of appreciation in Alcan common shares over the term of the option and (2) for the 10% column, a 10% annual rate of appreciation in Alcan common shares over the term of the SPAU, in each case without discounting to net present value and before income taxes associated with the exercise. The 5% and 10% assumed rates of appreciation are based on the rules of the SEC and do not represent our estimate or projection of the future price of Alcan common shares. The amounts in this table may not necessarily be achieved.

Exercise of Alcan Stock Price Appreciation Units

The following table shows aggregate exercises of SPAUs in the fiscal year ended December 31, 2004 by the executive officers named in the compensation table under " — Executive compensation" above.

Name	SPAUs Exercised (#)	Aggregate value realized ($CAN)	Unexercised SPAUs at December 31, 2004(i) (#)	Value of unexercised in-the-money SPAUs at December 31, 2004 ($CAN)(i)
C. Bark-Jones	23,434	521,503	E: 0	E: 0
			U: 107,766	U: 504,985

(i) E: Exercisable U: Unexercisable

The above table summarizes, for Mr. Bark-Jones (1) the number of SPAUs exercised during 2004 (2) the aggregate value realized upon exercise, which is the difference between the market value of the underlying shares on the exercise date and the exercise price of the SPAUs, (3) the total number of SPAUs unexercised held at December 31, 2004 and (4) the aggregate value of unexercised in-the-money SPAUs at December 31, 2004, which is the difference between the exercise price of the SPAUs and the market value of the shares on December 31, 2004 which was $CAN58.97 per share. The aggregate values indicated with respect to unexercised in-the-money SPAUs at fiscal year-end have not been, and may never be, realized. These SPAUs have not been, and may never be exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise.

Treatment of Alcan Stock Price Appreciation Units

As of the separation date, we replaced all of the Alcan stock price appreciation units held by employees of Alcan immediately prior to the separation who became our employees, including our executive officers, with our stock price appreciation units. As of Match 16, 2005 our employees held approximately 418,777 stock price appreciation units at a weighted average exercise price per SPAU of $22.04.

Alcan Total Shareholder Return Performance Plan

The Alcan total shareholder return performance plan, or TSR Plan, is a cash incentive plan that provides performance awards to eligible employees based on the Alcan share price and cumulative dividend yield performance relative to the performance of the companies included in the S&P Industrials Composite Index over a three-year period. The award amount, if any, is based on Alcan's relative total shareholder return

performance, as defined in the TSR Plan, and ranking of Alcan against the other companies in the S&P Industrials Composite Index at the end of the performance period. If Alcan's total shareholder return performance ranks below the 30th percentile, the employee will not receive any award for that performance period. At the 30th percentile rank, the employee will be paid an award equal to 60% of the target for that performance period. At the 50th percentile rank, the employee will earn a payout of 100% of the target, and at or above the 75th percentile rank, the employee will earn a payout of 300%, which is the maximum payout. The actual amount of award (if any) will be prorated between the percentile rankings. No amounts were awarded to the executive officers named in the compensation table under " — Executive Compensation" above under the TSR Plan in 2004.

Treatment of Incentives Granted under the Alcan Total Shareholder Return Performance Plan

As of the separation date, our employees who were eligible to participate in the TSR Plan ceased to actively participate in, and accrue benefits under, the TSR Plan. The current three-year performance periods, namely 2002 to 2005 and 2003 to 2006, were truncated as of the date of the separation. The accrued award amounts for each participant in the TSR were converted into restricted share units in our company, which will vest at the end of each performance period, 2005 or 2006, as applicable. At the end of each performance period, each holder of restricted share units will receive the net proceeds based on our common share price at that time, including declared dividends.

Novelis Pension and Retirement Benefits Plans

Pension Plans

Pension Plan for Officers. Our human resources committee designates participants to the pension plan for officers, or PPO. This plan provides for pensions calculated on service up to 20 years as an officer of our company or of Alcan and eligible earnings which consist of the excess of the average annual salary and target short term incentive award during the 60 consecutive months when they were the greatest over eligible earnings in the U.S. Plan or the U.K. Plan, as applicable. Both the U.S. Plan and U.K. Plan are described below. Each provides for a maximum on eligible earnings that is set with reference to the position of the officer prior to being designated a PPO participant. The following table shows the percentage of eligible earnings in the PPO, payable upon normal retirement age after 60 according to years of service as an officer of our company or of Alcan.

Years as Officer			
5	10	15	20
15%	30%	40%	50%

The normal form of payment of pensions is a lifetime annuity. Pensions are not subject to any deduction for social security or other offset amounts.

Brian W. Sturgell and Christopher Bark-Jones are currently the only participants in the PPO. At age 65, the estimated credited years of service for Mr. Sturgell would be approximately 18 years and the estimated credited years of service for Mr. Bark-Jones would be approximately 10 years. Eligible earnings under the PPO for 2004 for Mr. Sturgell were $306,420 and were $175,570 for Mr. Bark-Jones.

Retirement Benefits

U.S. Plan. During 2005, those of our employees previously participating in the Alcancorp Pension Plan and the Alcan Supplemental Executive Retirement Plan (collectively referred to as the U.S. Plan) will receive up to one year of additional service under each plan to the extent that such employees continue to be employed by us during the year. We will pay Alcan the normal cost (in the case of the Alcancorp Pension Plan) and the current service cost (in the case of the Alcan Supplemental Executive Retirement Plan)with respect to those employees. The U.S. Plan provides for pensions calculated on service with us or Alcan of up to 35 years. Eligible earnings consist of the average annual salary and the short term incentive award up to its

target during the 3 consecutive calendar years when they were the greatest, subject to a cap for those participating in the PPO.

The following table shows estimated retirement benefits, expressed as a percentage of eligible earnings, payable upon normal retirement at age 65 according to years of service.

Years of Service					
10	15	20	25	30	35
17%	25%	34%	42%	51%	59%

The normal form of payment of pensions is a lifetime annuity with either a guaranteed minimum of 60 monthly payments or a 50% lifetime pension to the surviving spouse.

At age 65, the estimated credited years of service for Brian W. Sturgell, Martha Finn Brooks, Pierre Arseneault and Jack Morrison would be approximately 25 years, 22 years, 40 years and 36 years, respectively. Eligible earnings under the plan for 2004 for Mr. Sturgell, Ms. Brooks, Mr. Arseneault and Mr. Morrison were $928,980, $823,850, $455,595 and $380,088, respectively.

Individual Pension Undertakings. In addition to participation in the U.S. Plan described above, Martha Finn Brooks will receive from us a supplemental pension equal to the excess, if any, of the pension she would have received from her employer prior to joining Alcan had she been covered by this employer's pension plan until her termination/retirement from our company, over the sum of her pension from the U.S. Plan and the pension rights actually accrued with her previous employer.

As a rehired retiree of Alcan, Geoffrey Batt continues to receive monthly pension benefits in respect of his former service with Alcan, and he is eligible for a supplemental retirement benefit based on his service with us for as long as we retain a defined benefit pension plan.

U.K. Plan. The U.K. Plan, which was transferred to us from Alcan in connection with the separation, provides for pensions calculated on service of up to 40 years and eligible earnings, which consist of the average annual salary and the short term incentive award up to its target during the last 12 months before retirement, subject to a cap for those participating in the PPO.

The following table shows estimated retirement benefits, expressed as a percentage of eligible earnings, payable upon normal retirement at age 65 according to years of service.

Years of Service					
10	15	20	25	30	35
17%	26%	35%	43%	52%	60%

The normal form of payment of pensions is a lifetime annuity with a guaranteed minimum of 60 monthly payments and a 60% lifetime pension to the surviving spouse.

Christopher Bark-Jones is the only executive officer entitled to participate in the U.K. Plan. At age 65, the estimated credited years of service for Mr. Bark-Jones would be approximately 34 years and his eligible earnings in 2004 were $494,700.

Employment Agreements

We have entered into employment agreements with Brian W. Sturgell, our chief executive officer, Martha Finn Brooks, our chief operating officer, Chris Bark-Jones, president of our European operations, Pierre Arseneault, our vice president strategic planning and information technology, Geoffrey P. Batt, our chief financial officer, Jack Morrison, president of our Asian operations and other executive officers, setting out the terms and conditions of their employment. Under their respective employment agreements, Brian W. Sturgell will be entitled to a base salary of $985,000, Martha Finn Brooks will be entitled to a base salary of $655,000, Chris Bark-Jones will be entitled to a base salary of $440,611, Pierre Arseneault will be entitled to a base salary of $300,000, Geoffrey P. Batt will be entitled to a base salary of $460,000 and Jack Morrison will be entitled to a base salary of $277,000 with an expatriate premium of $27,700. Each of these officers will also be entitled to annual bonus, long term incentives and other types of compensation that reflect the competitive

level of similar positions in the compensation peer groups and that are expected to be similar to the benefits they received from Alcan. The companies identified as part of our peer group are comparable to us in terms of size and industry sector.

Certain of our executive officers also have entered into change of control agreements that provide for payment upon the termination of the executive officer's employment with us by us without cause or by the executive officer for good reason. Except in the case of Brian W. Sturgell, upon the occurrence of such an event, the executive would be entitled to an amount equal to 24 months of their base salary and target short term incentive award and other applicable incentive plan guideline amounts. Brian W. Sturgell would be entitled to an amount equal to 36 months of his base salary and target short term incentive award and other applicable incentive plan guideline amounts. In the case of executive officers other than Brian W. Sturgell, change in control provisions will expire after 24 months of employment with us, and in the case of Brian W. Sturgell, after 12 months.

Human Resources Committee Interlocks and Insider Participation

The members of our human resources committee of our board of directors are: J.E. Newall, O.C., Charles G. Cavell, Clarence J. Chandran, C. Roberto Cordaro, Helmut Eschwey, Suzanne Labarge and William T. Monahan. No member of our board of director's human resources committee is or was formerly an officer or an employee of our company. No interlocking relationship exists between our board of directors and its human resources committee and the board of directors or compensation committee of any other company.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The following table sets forth information with respect to the beneficial ownership of our outstanding common shares as of March 15, 2005, by:

- each director, each director nominee, our chief executive officer and our four other most highly compensated officers identified in Item 11 above; and
- all of our directors, director nominees and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Common shares and options, warrants and convertible securities that are currently exercisable or convertible within 60 days of March 15, 2005 into our common shares are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of the person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. No person is known by us to be the beneficial owner of 5 percent or more of our common shares.

Except as otherwise noted in the footnotes below, the individual director or executive officer or the director or executive officer's family member identified below has sole voting and investment power with respect to such securities. As of March 15, 2005, we had 73,988,918 shares outstanding.

Name and address of beneficial owner*	Our common shares beneficially owned	Percentage of class
Brian W. Sturgell,		
Director and Chief Executive Officer(i)	11,559	**
J.E. Newall, O.C.,		
Non-Executive Chairman of the Board(ii)	21,718	**
Jacques Bougie, O.C.,		
Director	0	0%
Charles G. Cavell,		
Director	0	0%
Clarence J. Chandran,		
Director	800	**
C. Roberto Cordaro,		
Director	0	0%
Helmut Eschwey,		
Director	0	0%
David J. FitzPatrick,		
Director	0	0%
Suzanne Labarge,		
Director	3,000	**
William T. Monahan,		
Director	3,000	**
Rudolf Rupprecht,		
Director	0	0%
Edward V. Yang,		
Director	0	0%
Martha Finn Brooks,		
Chief Operating Officer(iii)	89,960	**
Chris Bark-Jones,		
Senior Vice President and President — Europe(iv)	20	**
Pierre Arseneault,		
Vice President Strategic Planning and Information Technology(v)	0	0%
Jack Morrison,		
Senior Vice President and President — Asia(vi)	0	0%
Directors and executive officers as a group (26 persons)(vii)	184,469	**

* The address for each individual listed is c/o Novelis Inc., 3399 Peachtree Road NE, Suite 1500, Atlanta, GA 30326.

** Indicates less than 1% of the class.

(i) Does not include options to purchase 753,477 of our shares that are not currently exercisable and are not exercisable within 60 days.

(ii) Includes 20,800 common shares held by Waskesiu East Holdings Inc., the shares of which are held by Mr. Newall and his children.

(iii) Includes options to purchase 89,960 of our common shares that are currently exercisable. Does not include options to purchase 298,121 of our shares that are not currently exercisable and are not exercisable within 60 days.

(iv) Does not include options to purchase 4,630 of our shares that are not currently exercisable and are not exercisable within 60 days.

(v) Does not include options to purchase 89,032 of our shares that are not currently exercisable and are not exercisable within 60 days.

(vi) Does not include options to purchase 70,049 of our shares that are not currently exercisable and are not exercisable within 60 days.

(vii) Our directors and executive officers as a group hold 41,523 of our shares. 300 of such shares are shares over which the officer has sole investment power but does not have voting power. Our directors and executive officers as a group hold options to purchase 142,946 of our shares that are currently exercisable or are exercisable within 60 days. Our directors and executive officers as a group hold options to purchase 1,476,248 of our shares that are not currently exercisable and are not exercisable within 60 days.

Securities Authorized for Issuance Under Equity Compensation Plans

Because we did not separate from Alcan until January 6, 2005, as of December 31, 2004, none of our equity securities were authorized for issuance under compensation plans. Information regarding the compensation plans that were placed in effect concurrently with and following the separation is set forth under "Item 11. Executive Compensation."

Item 13. *Certain Relationships and Related Transactions*

Some of our directors and executive officers own Alcan common shares and vested Alcan options or are employees or former employees of Alcan. Ownership of Alcan common shares and Alcan shares by our directors and officers could create, or appear to create, potential conflicts of interest for such directors and officers when faced with decisions that could have disparate implications for Alcan and us.

Alcan Aluminum Corporation, or Alcancorp, a wholly-owned subsidiary of Alcan (now known as Novelis Corporation), established a real estate loan program to assist relocating employees in the United States. Under the program, an employee was permitted to obtain an interest-free loan from Alcancorp, the proceeds of which were to be used only to purchase a new principal residence. The loan is secured by a mortgage on the new principal residence. On July 1, 2003, Jo-Ann Longworth, our Vice President and Controller following the separation, received a loan from Alcancorp in the amount of $75,000 under this program. As of December 31, 2004, the amount outstanding under the loan was $73,125. The largest amount outstanding under the loan in 2004 was $75,000. On August 9, 2000, Pierre Arseneault, our Vice President, Strategic Planning and Information Technology following the separation, received a loan from Alcancorp in the amount of $75,000 under this program. As of December 31, 2004, the amount outstanding under the loan was $58,342. The largest amount outstanding under the loan in 2004 was $63,748. In connection with our separation from Alcan, these loans were transferred to a third-party bank, at which point they became interest-bearing loans. We will pay the interest on these loans.

Item 14. *Principal Accountant Fees and Services*

PricewaterhouseCoopers LLP and its predecessor (Price Waterhouse) have been Alcan's auditors since 1936. PricewaterhouseCoopers LLP were appointed as our independent auditors following our separation from Alcan.

We did not directly pay any fees to PricewaterhouseCoopers LLP in either 2003 or 2004. The fees for audit and non-audit services provided by PricewaterhouseCoopers LLP while we were part of Alcan were paid by Alcan. A portion of those fees has been allocated to us based on the principles described in note 2 to our consolidated financial statements. The aggregate fees paid by Alcan to PricewaterhouseCoopers LLP and allocated to us in 2003 and 2004 were approximately $2.1 million and $ 6.4 million, respectively, substantially all of which related to audit services.

The audit committee has considered whether the provision of services other than audit services is compatible with maintaining the PricewaterhouseCoopers LLP's independence and has concluded that it is.

We expect that our audit committee will adopt pre-approval policies and procedures with respect to the engagement of our outside auditors for certain non-audit services.

Item 15. ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements

2. Financial Statement Schedules

None.

3. Exhibits

Exhibit Number	Description
3.1	Restated Certificate and Articles of Incorporation of Novelis Inc. (Incorporated by reference to Exhibit 3.1 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
3.2	By-law No. 1 of Novelis Inc. (Incorporated by reference to Exhibit 3.2 to the Form 10 filed by Novelis Inc. on November 17, 2004 (File No. 001-32312).)
4.1	Shareholder Rights Agreement between Novelis Inc. and CIBC Mellon Trust Company
4.2	Specimen Certificate of Novelis Inc. Common Shares (Incorporated by reference to Exhibit 4.2 to the Form 10 filed by Novelis Inc. on December 27, 2004 (File No. 001-32312).)
4.3	Indenture, relating to the Notes, dated as of February 3, 2005, between the Company, the guarantors named on the signature pages thereto and The Bank of New York Trust Company, N.A., as trustee (Incorporated by reference to Exhibit 4.1 to the Form 8-K filed by Novelis Inc. on February 3, 2005 (File No. 001-32312).)
4.4	Registration Rights Agreement, dated as of February 3, 2005, among the Company, the guarantors named on the signature pages thereto, Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated and UBS Securities LLC, as Representatives of the Initial Purchasers (Incorporated by reference to Exhibit 4.2 to the Form 8-K filed by Novelis Inc. on February 3, 2005 (File No. 001-32312).)
10.1	Separation Agreement between Alcan Inc. and Novelis Inc.
10.2	Metal Supply Agreement between Novelis Inc., as Purchaser, and Alcan Inc., as Supplier, for the supply of remelt aluminum ingot**
10.3	Molten Metal Supply Agreement between Novelis Inc., as Purchaser, and Alcan Inc., as Supplier, for the supply of molten metal to Purchaser's Saguenay Works facility**
10.4	Metal Supply Agreement between Novelis Inc., as Purchaser, and Alcan Inc., as Supplier, for the supply of sheet ingot in North America**
10.5	Metal Supply Agreement between Novelis Inc., as Purchaser, and Alcan Inc., as Supplier, for the supply of sheet ingot in Europe**

Exhibit Number	Description
10.6	Tax Sharing and Disaffiliation Agreement between Alcan Inc., Novelis Inc., Arcustarget Inc., Alcan Corporation and Novelis Corporation
10.7	Transitional Services Agreement between Alcan Inc. and Novelis Inc.
10.8	Principal Intellectual Property Agreement between Alcan International Limited and Novelis Inc.**
10.9	Secondary Intellectual Property Agreement between Novelis Inc. and Alcan International Limited**
10.10	Master Metal Hedging Agreement between Alcan Inc. and Novelis Inc.**
10.11	Credit Agreement, dated as of January 7, 2005, among Novelis Inc., Novelis Corporation, Novelis Deutschland GmbH, Novelis UK Limited and Novelis AG, as Borrowers, the Lenders and Issuers Party (as defined in the agreement), Citigroup North America, Inc., as Administrative Agent and Collateral Agent, Morgan Stanley Senior Funding, Inc. and UBS Securities LLC, as Co-Syndication Agents, and Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc. and UBS Securities LLC, as Joint Lead Arrangers and Joint Book-Running Managers.
10.12*	Employee Matters Agreement between Alcan Inc. and Novelis Inc.
10.13*	Employment Agreement of Brian W. Sturgell (Incorporated by reference to Exhibit 10.32 to the Form 10 filed by Novelis Inc. on December 22, 2004 (File No. 001-32312).)
10.14*	Employment Agreement of Martha Finn Brooks (Incorporated by reference to Exhibit 10.33 to the Form 10 filed by Novelis Inc. on December 22, 2004 (File No. 001-32312).)
10.15*	Employment Agreement of Christopher Bark-Jones (Incorporated by reference to Exhibit 10.34 to the Form 10 filed by Novelis Inc. on December 27, 2004 (File No. 001-32312).)
10.16*	Employment Agreement of Pierre Arseneault (Incorporated by reference to Exhibit 10.35 to the Form 10 filed by Novelis Inc. on December 22, 2004 (File No. 001-32312).)
10.17*	Employment Agreement of Geoffrey P. Batt (Incorporated by reference to Exhibit 10.36 to the Form 10 filed by Novelis Inc. on December 22, 2004 (File No. 001-32312).)
10.18*	Form of Change of Control Agreement between Alcan Inc. and executive officers of Novelis Inc. (Incorporated by reference to Exhibit 10.37 to the Form 10 filed by Novelis Inc. on December 22, 2004 (File No. 001-32312).)
10.19*	Change of Control Agreement dated as of August 1, 2002 between Alcan Inc. and Brian W. Sturgell, as amended by a letter dated May 11, 2004 from Travis Engen, President and Chief Executive Officer of Alcan Inc. (Incorporated by reference to Exhibit 10.1 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.20*	Change of Control Agreement dated as of December 22, 2004 between Alcan Inc. and Martha Finn Brooks (Incorporated by reference to Exhibit 10.2 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.21*	Change of Control Agreement dated as of December 23, 2004 between Alcan Inc. and Christopher Bark-Jones (Incorporated by reference to Exhibit 10.3 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.22*	Change of Control Agreement dated as of November 12, 2004 between Alcan Inc. and Pierre Arseneault (Incorporated by reference to Exhibit 10.4 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.23*	Change of Control Agreement dated as of November 8, 2004 between Alcan Inc. and Geoffrey P. Batt (Incorporated by reference to Exhibit 10.5 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.24*	Novelis Conversion Plan of 2005 (Incorporated by reference to Exhibit 10.6 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.25*	Written description of Novelis Short Term Incentive Plan — 2005 Performance Measures
10.26*	Novelis Inc. Deferred Share Unit Plan for Non-Executive Directors
10.27*	Employment Agreement of Jack Morrison
10.28*	Form of Offer Letter with certain Novelis executive officers

Exhibit Number	Description
10.29*	Written description of Novelis Pension Plan for Officers
10.30*	Written description of Novelis Founders Performance Award Plan
21.1	List of subsidiaries of Novelis Inc.
23.1	Consent of independent auditors
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
99.1	Management's Discussion and Analysis of Financial Condition and Results of Operations
99.2	Combined Financial Statements

* Indicates a management contract or compensatory plan or arrangement

** Confidential treatment requested for certain portions of this Exhibit, which portions have been omitted and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ Brian W. Sturgell

Name: Brian W. Sturgell
Title: Chief Executive Officer

Date: March 24, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 24, 2005	/s/ Brian W. Sturgell Brian W. Sturgell (Director, Principal Executive Officer)
Date: March 24, 2005	/s/ Geoffrey P. Batt Geoffrey P. Batt (Principal Financial Officer)
Date: March 24, 2005	/s/ Jo-Ann Longworth Jo-Ann Longworth (Principal Accounting Officer)
Date: March 24, 2005	/s/ J.E. Newall J.E. Newall (Non-Executive Chairman of the Board of Directors)
Date: March 24, 2005	/s/ Jacques Bougie Jacques Bougie (Director)
Date: March 24, 2005	/s/ Charles G. Cavell Charles G. Cavell (Director)
Date: March 24, 2005	/s/ Clarence J. Chandran Clarence J. Chandran (Director)
Date: March 24, 2005	/s/ C. Roberto Cordaro C. Roberto Cordaro (Director)
Date: March 24, 2005	/s/ Helmut Eschwey Helmut Eschwey (Director)

Date: March 24, 2005	/s/ Suzanne Labarge
	Suzanne Labarge (Director)
Date: March 24, 2005	/s/ William T. Monahan
	William T. Monahan (Director)
Date: March 24, 2005	/s/ Rudolf Rupprecht
	Rudolf Rupprecht (Director)
Date: March 24, 2005	/s/ Edward V. Yang
	Edward V. Yang (Director)

EXHIBIT INDEX

Exhibit Number	Description
3.1	Restated Certificate and Articles of Incorporation of Novelis Inc. (Incorporated by reference to Exhibit 3.1 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
3.2	By-law No. 1 of Novelis Inc. (Incorporated by reference to Exhibit 3.2 to the Form 10 filed by Novelis Inc. on November 17, 2004 (File No. 001-32312).)
4.1	Shareholder Rights Agreement between Novelis Inc. and CIBC Mellon Trust Company
4.2	Specimen Certificate of Novelis Inc. Common Shares (Incorporated by reference to Exhibit 4.2 to the Form 10 filed by Novelis Inc. on December 27, 2004 (File No. 001-32312).)
4.3	Indenture, relating to the Notes, dated as of February 3, 2005, between the Company, the guarantors named on the signature pages thereto and The Bank of New York Trust Company, N.A., as trustee (Incorporated by reference to Exhibit 4.1 to the Form 8-K filed by Novelis Inc. on February 3, 2005 (File No. 001-32312).)
4.4	Registration Rights Agreement, dated as of February 3, 2005, among the Company, the guarantors named on the signature pages thereto, Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated and UBS Securities LLC, as Representatives of the Initial Purchasers (Incorporated by reference to Exhibit 4.2 to the Form 8-K filed by Novelis Inc. on February 3, 2005 (File No. 001-32312).)
10.1	Separation Agreement between Alcan Inc. and Novelis Inc.
10.2	Metal Supply Agreement between Novelis Inc., as Purchaser, and Alcan Inc., as Supplier, for the supply of remelt aluminum ingot**
10.3	Molten Metal Supply Agreement between Novelis Inc., as Purchaser, and Alcan Inc., as Supplier, for the supply of molten metal to Purchaser's Saguenay Works facility**
10.4	Metal Supply Agreement between Novelis Inc., as Purchaser, and Alcan Inc., as Supplier, for the supply of sheet ingot in North America**
10.5	Metal Supply Agreement between Novelis Inc., as Purchaser, and Alcan Inc., as Supplier, for the supply of sheet ingot in Europe**
10.6	Tax Sharing and Disaffiliation Agreement between Alcan Inc., Novelis Inc., Arcustarget Inc., Alcan Corporation and Novelis Corporation
10.7	Transitional Services Agreement between Alcan Inc. and Novelis Inc.
10.8	Principal Intellectual Property Agreement between Alcan International Limited and Novelis Inc.**
10.9	Secondary Intellectual Property Agreement between Novelis Inc. and Alcan International Limited**
10.10	Master Metal Hedging Agreement between Alcan Inc. and Novelis Inc.**
10.11	Credit Agreement, dated as of January 7, 2005, among Novelis Inc., Novelis Corporation, Novelis Deutschland GmbH, Novelis UK Limited and Novelis AG, as Borrowers, the Lenders and Issuers Party (as defined in the agreement), Citigroup North America, Inc., as Administrative Agent and Collateral Agent, Morgan Stanley Senior Funding, Inc. and UBS Securities LLC, as Co-Syndication Agents, and Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc. and UBS Securities LLC, as Joint Lead Arrangers and Joint Book-Running Managers.
10.12*	Employee Matters Agreement between Alcan Inc. and Novelis Inc.
10.13*	Employment Agreement of Brian W. Sturgell (Incorporated by reference to Exhibit 10.32 to the Form 10 filed by Novelis Inc. on December 22, 2004 (File No. 001-32312).)
10.14*	Employment Agreement of Martha Finn Brooks (Incorporated by reference to Exhibit 10.33 to the Form 10 filed by Novelis Inc. on December 22, 2004 (File No. 001-32312).)
10.15*	Employment Agreement of Christopher Bark-Jones (Incorporated by reference to Exhibit 10.34 to the Form 10 filed by Novelis Inc. on December 27, 2004 (File No. 001-32312).)
10.16*	Employment Agreement of Pierre Arseneault (Incorporated by reference to Exhibit 10.35 to the Form 10 filed by Novelis Inc. on December 22, 2004 (File No. 001-32312).)

Exhibit Number	Description
10.17*	Employment Agreement of Geoffrey P. Batt (Incorporated by reference to Exhibit 10.36 to the Form 10 filed by Novelis Inc. on December 22, 2004 (File No. 001-32312).)
10.18*	Form of Change of Control Agreement between Alcan Inc. and executive officers of Novelis Inc. (Incorporated by reference to Exhibit 10.37 to the Form 10 filed by Novelis Inc. on December 22, 2004 (File No. 001-32312).)
10.19*	Change of Control Agreement dated as of August 1, 2002 between Alcan Inc. and Brian W. Sturgell, as amended by a letter dated May 11, 2004 from Travis Engen, President and Chief Executive Officer of Alcan Inc. (Incorporated by reference to Exhibit 10.1 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.20*	Change of Control Agreement dated as of December 22, 2004 between Alcan Inc. and Martha Finn Brooks (Incorporated by reference to Exhibit 10.2 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.21*	Change of Control Agreement dated as of December 23, 2004 between Alcan Inc. and Christopher Bark-Jones (Incorporated by reference to Exhibit 10.3 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.22*	Change of Control Agreement dated as of November 12, 2004 between Alcan Inc. and Pierre Arseneault (Incorporated by reference to Exhibit 10.4 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.23*	Change of Control Agreement dated as of November 8, 2004 between Alcan Inc. and Geoffrey P. Batt (Incorporated by reference to Exhibit 10.5 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.24*	Novelis Conversion Plan of 2005 (Incorporated by reference to Exhibit 10.6 to the Form 8-K filed by Novelis Inc. on January 7, 2005 (File No. 001-32312).)
10.25*	Written description of Novelis Short Term Incentive Plan — 2005 Performance Measures
10.26*	Novelis Inc. Deferred Share Unit Plan for Non-Executive Directors
10.27*	Employment Agreement of Jack Morrison
10.28*	Form of Offer Letter with certain Novelis executive officers
10.29*	Written description of Novelis Pension Plan for Officers
10.30*	Written description of Novelis Founders Performance Award Plan
21.1	List of subsidiaries of Novelis Inc.
23.1	Consent of independent auditors
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
99.1	Management’s Discussion and Analysis of Financial Condition and Results of Operations
99.2	Combined Financial Statements

* Indicates a management contract or compensatory plan or arrangement

** Confidential treatment requested for certain portions of this Exhibit, which portions have been omitted and filed separately with the Securities and Exchange Commission.

EXHIBIT 4.1

SHAREHOLDER RIGHTS AGREEMENT

BETWEEN

NOVELIS INC.

AND

CIBC MELLON TRUST COMPANY

SHAREHOLDER RIGHTS AGREEMENT

SHAREHOLDER RIGHTS AGREEMENT

THIS AGREEMENT made as of 23 December 2004.

BETWEEN:

NOVELIS INC., a corporation incorporated under the laws of Canada (hereinafter referred to as the "Corporation"),

OF THE FIRST PART,

AND:

CIBC MELLON TRUST COMPANY, a trust company existing under the laws of Canada (hereinafter referred to as the "Rights Agent"),

OF THE SECOND PART

WITNESSES that:

WHEREAS the Corporation will, upon the effectiveness of an arrangement under section 192 of the Canada Business Corporations Act proposed by Alcan Inc. ("Alcan") and described in Alcan's Management Proxy Circular dated 23 November 2004 (the "Arrangement"), become a publicly traded corporation with its Common Shares listed on the Toronto Stock Exchange and the New York Stock Exchange;

WHEREAS the Board has determined that it is advisable for the Corporation to adopt and maintain a shareholder rights plan inter alia in order to (i) provide a framework in which Take-Over Bids for the Corporation can be made for the Voting Shares of the Corporation including providing the Board with sufficient time to explore and develop alternatives, (ii) facilitate the maximization of shareholder values if a substantial portion of the Voting Shares is to be acquired by any Person, and (iii) protect the Corporation and its shareholders from abusive acquisition tactics or acquisitions which may not be in the best interests of the Corporation;

AND WHEREAS it is not the intention of the Board to adopt the Rights Plan as a means of preventing or deterring any Person from seeking to acquire the Voting Shares, provided they do so fairly, or of foreclosing the ability of the Board to take any action that in its discretion it considers reasonable in the circumstances of any such transaction;

AND WHEREAS, in order to implement the Rights Plan, the Board authorized and declared a distribution of one Right effective at the earliest possible time following the effectiveness of the Arrangement ("Record Time") in respect of each Common Share outstanding as at the Record Time and has authorized the issuance of one Right in respect of each Common Share issued after such date and prior to the earlier of the Separation Time and the Expiration Time;

AND WHEREAS each Right entitles the holder thereof, after the Separation Time but prior to the Expiration Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein;

AND WHEREAS the Corporation desires to appoint the Rights Agent to act on behalf of the Corporation in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of the Rights and the other matters relating to the Corporation referred to herein and to act as the trustee for the holders of the Rights in connection with the promise of the Corporation herein to issue Rights Certificates to the Rights Agent for distribution to the holders of Common Shares after the Separation Time, and the Rights Agent is willing to so act;

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

ARTICLE 1 - INTERPRETATION

1.01 DEFINITIONS

For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" means any Person (other than the Corporation or any Subsidiary of the Corporation) who is a Beneficial Owner of 20% or more of the outstanding Voting Shares. Notwithstanding the foregoing, no Person shall become an "Acquiring Person"

(i) (A) as a result of the purchase, redemption or other acquisition of Voting Shares by the Corporation which, by reducing the number of Voting Shares then outstanding, increases the proportionate number of shares Beneficially Owned by such Person to 20% or more of the Voting Shares then outstanding;

(B) as a result of share acquisitions made pursuant to a Permitted Bid or Competing Permitted Bid;

(C) as a result of share acquisitions made pursuant to a Permitted Acquisition;

(D) as a result of an Exempt Acquisition; or

(E) as a result of a Convertible Security Acquisition;

provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the Voting Shares then outstanding as a result of a purchase, redemption or other acquisition of Voting Shares by the Corporation as provided for in clause (A) above, or as a result of a Permitted Bid or Competing Permitted Bid as provided for in clause (B) above, or as a result of a Permitted Acquisition as provided for in clause (C) above, or as a result of the waiver of the application of Section 3.01 pursuant to Section 5.01(2) as provided for in clause (D) above, or as a result of a Convertible Security Acquisition as provided for in clause (E) above, or as a result of any combination of acquisitions referred to in clauses (A) to (E) above, and after such acquisition or acquisitions such Person becomes the Beneficial Owner of more than an additional 1% of the Voting Shares then outstanding other than pursuant to clauses (A), (B), (C), (D) or (E) above or any combination thereof, such Person shall thereupon immediately be deemed to be an "Acquiring Person";

(ii) as a result of such person (a "Grandfathered Person") being the Beneficial Owner of 20% or more of the outstanding Voting Shares of the Corporation determined as at the Record Time provided, however, that this exception shall not be, and shall cease to be, applicable to such Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of any additional Voting Shares of the Corporation that increase its Beneficial Ownership of Voting Shares by more than 1% of the number of Voting Shares outstanding as at the Record Time, other than as a result of a Permitted Bid, a Competing Permitted Bid, a Permitted Acquisition or any Take-Over Bid in respect of which a waiver is, or is deemed to have been, granted under Section 5.01(2);

(iii) for a period of ten calendar days after the Disqualification Date (as defined below), where such Person becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on Section 1.01(e)(v) solely because

such Person or the Beneficial Owner of such Voting Shares is making or has announced an intention to make a Take-Over Bid, either alone or by acting jointly or in concert with any other Person. For the purposes of this definition, "Disqualification Date" means the first date of public announcement that any Person is making or has announced an intention to make a Take-Over Bid;

(iv) being an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Voting Shares in connection with a distribution of securities of the Corporation.

(b) "Affiliate" when used to indicate a relationship with a specified Person, shall mean a Person that controls, or is controlled by, or is under common control with, such specified Person.

(c) "Agreement" means this agreement and all amendments made hereto by written agreement between the Corporation and the Rights Agent.

(d) "Alcan" has the meaning ascribed to that term in the first recital hereto.

(e) "Arrangement" has the meaning ascribed to that term in the first recital hereto.

(f) "Associate" means, when used to indicate a relationship with a specified Person, a spouse of that Person or any Person with whom that Person is living in a conjugal relationship outside marriage or a child of that Person or a relative of that Person who has the same residence as that Person.

(g) A Person shall be deemed to be the "Beneficial Owner" of and to have "Beneficial Ownership" of and to "Beneficially Own" any securities which:

(i) such Person or any of such Person's Affiliates or Associates owns at law or in equity;

(ii) such Person or any of such Person's Affiliates or Associates has the right to become the owner of at law or in equity (whether such right is exercisable immediately or within a period of 60 calendar days thereafter and whether or not on condition or on the happening of any contingency), (A) upon the exercise of any Convertible Securities or (B) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing, (other than (x) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities and (y) pledges of securities in the ordinary course of business) or upon the exercise of any conversion right, exchange right, share purchase right (other than the Rights), warrant or option; or

(iii) without limiting the generality of the foregoing, are beneficially owned within the meaning of paragraphs (i) and (ii) of this definition by any other Person with which such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed to be the "Beneficial Owner" of or to have "Beneficial Ownership" of or to "Beneficially Own" any security:

(iv) where such security has been, or has agreed to be, deposited or tendered pursuant to a Lock-up Agreement, or is otherwise deposited or tendered, to any Take-Over Bid made by such Person or by any of such Person's Affiliates or Associates or made by any Person

acting jointly or in concert with such Person until such deposited or tendered security has been taken up and paid for, whichever shall first occur;

(v) where such Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person holds such security provided that:

(A) the ordinary business of any such Person (the "Investment Manager") includes the management of investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person (a "Client");

(B) such Person (the "Trust Company") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an "Estate Account") or in relation to other accounts (each an "Other Account") and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts;

(C) such Person is established by statute for purposes that include, and the ordinary business or activity of such Person (the "Statutory Body") includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies;

(D) such Person (the "Administrator") is the administrator or trustee of one or more pension funds or plans (a "Plan"), or is a Plan, registered under the laws of Canada or any Province thereof or the laws of the United States of America or any State thereof;

provided, in any of the above cases, that the Investment Manager, the Trust Company, the Statutory Body, the Administrator or the Plan, as the case may be, is not then making a Take-Over Bid or has not then announced an intention to make a Take- over Bid alone or acting jointly or in concert with any other Person, other than an Offer to Acquire Voting Shares or other securities (x) pursuant to a distribution by the Corporation (y) by means of a Permitted Bid or (z) by means of ordinary market transactions (including prearranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market;

(vi) where such Person is:

A. a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security,

B. an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security, or

C. a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;

(vii) where such Person is:

A. a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manger,

B. an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company, or

C. a Plan and such security is owned at law or in equity by the Administrator of the Plan; or

(viii) where such Person is a registered holder of such security as a result of carrying on the business of, or acting as a nominee of, a securities depositary.

For the purposes of this Agreement, in determining the percentage of the outstanding Voting Shares with respect to which a Person is the Beneficial Owner, all Voting Shares of which such Person is or is deemed to be the Beneficial Owner shall be deemed to be outstanding.

(h) "Board" means the board of directors of the Corporation.

(i) "Business Day" means any day, other than a Saturday or Sunday, on which banks are generally open for business in the City of Montreal.

(j) "Canadian-U.S. Exchange Rate" means, on any date, the inverse of the U.S.-Canadian Exchange Rate in effect on such date.

(k) "Canadian Dollar Equivalent" of any amount which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S.-Canadian Exchange Rate in effect on such date.

(l) "close of business" means, with respect to any date, the time on such date at which the offices of the Rights Agent in the City of Montreal are, after having been open to the public for business, closed to the public.

(m) "Common Shares", when used with reference to the Corporation, means the common shares in the capital of the Corporation and, when used with reference to any Person other than the Corporation, means the class of shares in the capital of such other Person with the greatest voting power per share.

(n) "Competing Permitted Bid" has the meaning set out in Section 6.02.

(o) "controlled": a corporation is "controlled" by another Person if:

(i) securities entitled to vote in the election of directors carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or on behalf of the other person; and

(ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation;

and "controls", "controlling" and "under common control with" shall be interpreted accordingly.

(p) "Convertible Securities" means at any time:

(i) any right (contractual or otherwise and regardless of whether such right constitutes a security) to acquire Voting Shares from the Corporation; and

(ii) any securities issued by the Corporation from time to time (other than a Right) carrying any exercise, conversion or exchange right;

which is then exercisable or exercisable within a period of 60 calendar days from that time, pursuant to which the holder thereof may acquire Voting Shares or other securities which are convertible into, exercisable or exchangeable for Voting Shares (in each case, whether such right is then exercisable or exercisable within a period of 60 calendar days from that time and whether or not on condition or the happening of any contingency).

(q) "Convertible Security Acquisition" means the acquisition of Voting Shares upon the exercise of a Convertible Security received by a Person pursuant to a Permitted Acquisition.

(r) "Dividend Reinvestment Acquisition" shall mean an acquisition of Voting Shares of any class pursuant to a Dividend Reinvestment Plan.

(s) "Dividend Reinvestment Plan" means a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to holders of its securities where such plan permits the holder to direct that some or all of:

(i) dividends paid in respect of shares of any class of the Corporation;

(ii) proceeds of redemption of shares of the Corporation;

(iii) interest paid on evidences of indebtedness of the Corporation; or

(iv) optional cash payments;

be applied to the purchase from the Corporation of Voting Shares.

(t) "Election to Exercise" has the meaning set out in Section 2.01(4).

(u) "Exempt Acquisition" means a share acquisition in respect of which the Board has waived the application of Section 3.01 pursuant to the provisions of Sections 5.01(2).

(v) "Exercise Price" means, as of any date, the price at which a holder may purchase the securities issuable upon the exercise of one Right which, until the adjustment thereof in accordance with the provisions hereof, shall equal $200.

(w) "Expansion Factor" has the meaning set out in Section 2.03(2)(e).

(x) "Expiration Time" means the earlier of:

(i) the Termination Time, or

(ii) subject to Sections 5.15 and 5.16, the close of business on 1 May 2014.

(y) "Flip-In Event" means a transaction or event in which any Person becomes an Acquiring Person.

(z) "holder" has the meaning set out in Section 2.08.

(aa) "Independent Shareholders" means holders of Voting Shares, but shall not include any Acquiring Person or any Offeror (including an Offeror who is making a Permitted Bid or Competing Permitted Bid) other than any Person who by virtue of Section 1.01 (g) (v) is not deemed to Beneficially Own the Voting Shares held by such Person, any Affiliate or Associate of any such Acquiring Person or Offeror or any Person acting jointly or in concert with such Acquiring Person or Offeror, or Persons with rights or powers under any employee stock ownership plans, benefit plans, deferred profit sharing and any other similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of such plan or trust direct the manner in which such Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-Over Bid.

(bb) "Lock-up Agreement" means an agreement between an Offeror, any of its Affiliates or Associates or any other Person acting jointly or in concert with the Offeror and a Person (the "Locked-up Person") who is not an Affiliate or Associate of the Offeror or a Person acting jointly or in concert with the Offeror whereby the Locked-up Person agrees to deposit or tender the Voting Shares held by the Locked-up Person to the Offeror's Take-Over Bid or to any Take-Over Bid made by any of the Offeror's Affiliates or Associates or made by any other Person acting jointly or in concert with the Offeror, where the agreement permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-Over Bid that contains an offering price for each Voting Share that is at least 5% higher than the offering price contained in or proposed to be contained in the Take-Over Bid that the Locked-up Person has agreed to deposit or tender Voting Shares pursuant to the Lock-up Agreement.

(cc) "Market Price" per share of any securities on any date of determination shall mean the average of the daily Closing Prices Per Share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.03 hereof shall have caused the closing prices used to determine the Market Price on any Trading Day not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.03 hereof in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The "Closing Price Per Share" of any securities on any date shall be:

(i) the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for each share as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on The Toronto Stock Exchange;

(ii) if the securities are not listed or admitted to trading on The Toronto Stock Exchange, the last sale price, regular way, or, in the case no such sale takes place on such date, the average of the closing bid and asked prices, regular way, for each share of such securities as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange;

(iii) if for any reason none of such prices is available on such day or the securities are not listed

or admitted to trading on any of The Toronto Stock Exchange or the New York Stock Exchange, the average of the high bid and low asked prices for each share of such securities in the over-the-counter market if such high bid and low asked prices are regularly published in a newspaper or business or financial publication of regular or paid circulation; or

(iv) if on any such date the securities are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities;

provided, however, that if on any such date the securities are not traded in the over-the-counter market, the closing price per share of such securities on such date shall mean the fair value per share of securities on such date as determined by a nationally or internationally recognized Canadian investment dealer (or investment banker) with respect to the fair value per share of such securities. The Market Price shall be expressed in United States dollars and if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in Canadian dollars, such amount shall be translated into United States dollars at the U.S. Dollar Equivalent thereof on the relevant Trading Day.

(dd) "Offer to Acquire" includes:

(i) an offer to purchase, or a solicitation of an offer to sell, Voting Shares, and

(ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited,

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell.

(ee) "Offeror" means any Person who has announced an intention to make or who is making, but has not completed, a Take-Over Bid (including a Permitted Bid or a Competing Bid) but only so long as the Take-Over Bid so made or announced has not been withdrawn or terminated or has not expired.

(ff) "Offeror's Securities" means Voting Shares Beneficially Owned on the date of an Offer to Acquire by an Offeror.

(gg) "Permitted Acquisition" means an acquisition by a Person of Voting Shares pursuant to:

(i) a Dividend Reinvestment Acquisition;

(ii) a stock dividend, stock split or other event in respect of securities of the Corporation of one or more particular classes or series pursuant to which such Person becomes the Beneficial Owner of Voting Shares on the same pro rata basis as all other holders of securities of the particular class, classes or series;

(iii) the acquisition or the exercise by the Person of only those rights to purchase Voting Shares distributed to that Person in the course of a distribution to all holders of securities of the Corporation of one or more particular classes or series pursuant to a rights offering or rights offering prospectus; or

(iv) a distribution by the Corporation of Voting Shares or Convertible Securities (and the conversion or exchange of such), made pursuant to a prospectus or by way of a private

placement, provided that the Person does not thereby acquire a greater percentage of such Voting Shares, or securities convertible into or exchangeable for Voting Shares, so offered than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition.

(hh) "Permitted Bid" has the meaning set out in Section 6.01.

(ii) "Person" includes any individual, partnership, association, body corporate, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative or entity and any successor thereto.

(jj) "Record Time" has the meaning ascribed to that term in the fourth recital hereto.

(kk) "Regular Periodic Cash Dividend" means cash dividends declared payable on the Common Shares of the Corporation and paid at regular intervals in any fiscal year of the Corporation to the extent that such cash dividends do not in any fiscal year exceed, in the aggregate, the greatest of:

(i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year,

(ii) 300% of the average of the aggregate amounts of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years, and

(iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year.

(ll) "Right" means the right of each holder of Common Shares to purchase additional securities upon and subject to the terms and conditions hereof.

(mm) "Rights Agent" means CIBC Mellon Trust Company or any successor thereto appointed pursuant to Section 4.04.

(nn) "Rights Certificate" has the meaning set out in Section 2.01(3)(c).

(oo) "Rights Plan" means the shareholder rights plan established hereby.

(pp) "Rights Register" has the meaning set out in Section 2.06(1).

(qq) "Rights Registrar" has the meaning set out in Section 2.06(1).

(rr) "Separation Time" means the close of business on the tenth Business Day after the earliest of:

(i) the Stock Acquisition Date;

(ii) the date of the commencement of, or the first public announcement of the intent of any Person (other than a Person making a Permitted Bid or Competing Permitted Bid or the Corporation or any Subsidiary of the Corporation) to commence a Take-Over Bid (other than a Permitted Bid or a Competing Permitted Bid, as the case may be); and

(iii) the date on which a Permitted Bid or Competing Bid ceases to qualify as such or on such later day as the Board shall determine acting in good faith; provided that, if any such

Take-Over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-Over Bid shall be deemed, for the purposes of this definition, never to have been made.

(ss) "Stock Acquisition Date" means the first date of public announcement by the Corporation or an Acquiring Person that an Acquiring Person has become such.

(tt) "Subsidiary": a corporation shall be a Subsidiary of another corporation if:

(i) it is controlled by:

(A) that other, or

(B) that other and one or more corporations each of which is controlled by that other, or

(C) two or more corporations each of which is controlled by that other, or

(ii) it is a Subsidiary of a corporation that is that other's Subsidiary.

(uu) "Take-Over Bid" means an Offer to Acquire Voting Shares where the Voting Shares subject to the Offer to Acquire, together with the Offeror's Securities, constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire.

(vv) "Termination Time" means the time at which the right to exercise the Rights shall terminate pursuant to Section 5.01 hereof.

(ww) "Trading Day", when used with respect to any securities, shall mean a day on which the principal securities exchange in Canada or the United States of America on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any securities exchange in Canada or the United States of America, a Business Day.

(xx) "U.S.-Canadian Exchange Rate" means, on any date:

(i) if on such date the Bank of Canada sets a noon spot rate of exchange for the conversion of United States dollars into Canadian dollars, such rate, or

(ii) in any other case, the rate for the conversion of United States dollars into Canadian dollars as determined by the Board acting in good faith.

(yy) "U.S. Dollar Equivalent" of any amount which is expressed in Canadian dollars means, on any date, the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian-U.S. Exchange Rate in effect on such date.

(zz) "Voting Shares" means the Common Shares of the Corporation and any other shares in the capital of the Corporation entitled to vote generally in the election of directors.

1.02 HEADINGS

The division of this Agreement into Articles and Sections and the insertion of headings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections

are to Articles and Sections of this Agreement.

1.03 EXTENDED MEANINGS

In this Agreement words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine gender and vice versa.

1.04 CURRENCY

All references to currency herein are to lawful money of the United States of America unless otherwise specified.

1.05 SCHEDULE

The form of the Rights Certificate is annexed hereto as Schedule 1 and incorporated by reference and deemed to be a part hereof.

1.06 LANGUAGE CLAUSE

Les parties aux presentes ont exige que la presente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en decouleront soient rediges en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto or resulting therefrom be drawn up in English.

1.07 ACTING JOINTLY OR IN CONCERT

For purposes of this Agreement, a Person is acting jointly or in concert with every Person who is a party to any agreement, commitment or understanding, whether formal or informal, with the first Person or any Associate or Affiliate thereof for the purpose of acquiring or offering to acquire Voting Shares (other than customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities or pledges of securities in the ordinary course of business).

1.08 AS NOW ENACTED

For the purposes of this Agreement, references to statutes, as now enacted, shall mean as in force and effect on 23 December 2004.

ARTICLE 2 - THE RIGHTS

2.01 INITIAL EXERCISE PRICE, EXERCISE OF RIGHTS AND DETACHMENT OF RIGHTS

(1) Subject to the provisions hereof including, without limiting the generality of the foregoing, Section 2.03, each

Common Share now or, until the earlier of the Separation Time and the Expiration Time, hereafter issued shall have one Right associated therewith. Subject to the provisions hereof and subject to adjustment as herein set forth, each Right shall entitle the holder thereof, after the Separation Time, to purchase one Common Share for the Exercise Price or its Canadian Dollar Equivalent. Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or by any of its Subsidiaries or Beneficially Owned by an Acquiring Person shall be void.

(2) Until the Separation Time:

(a) no Right shall be exercisable and no Right may be exercised,

(b) each Right shall be evidenced by the certificate for the associated Common Share, and

(c) each Right shall be transferable only together with, and shall be transferred by a transfer of, such associated Common Share.

(3) After the Separation Time but prior to the Expiration Time the Rights:

(a) may be exercised in accordance with the provisions hereof, and

(b) shall be transferable independently of the Common Shares.

Promptly following the Separation Time the Corporation will prepare and the Rights Agent shall mail to each holder of Common Shares of record as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "Nominee")) at such holder's address as shown by the records of the Corporation (and the Corporation hereby agrees to furnish copies of such records to the Rights Agent for this purpose),

(c) a certificate (a "Rights Certificate") substantially in the form annexed hereto as Schedule 1 appropriately completed, representing the number of Rights held by such holder as at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage, and

(d) a disclosure statement describing the Rights.

(4) Rights may be exercised on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent the Rights Certificate evidencing such Rights with an election to exercise such Rights (an "Election to Exercise") substantially in the form attached to the Rights Certificate duly completed and accompanied by payment by certified cheque or money order payable to the order of the Rights Agent of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.

(5) Upon receipt of a Rights Certificate together with a duly completed Election to Exercise and the payments provided for in Section 2.01(4), the Rights Agent (unless otherwise instructed by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement)

shall thereupon promptly:

(a) requisition from the Corporation or its transfer agent for Common Shares, certificates for the number of Common Shares to be purchased;

(b) after receipt of such Common Share certificates, remit the payments provided for in Section 2.01(4) to the Corporation and deliver the share certificates to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;

(c) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares; and

(d) tender to the Corporation all payments received on exercise of the Rights.

(6) If the holder of any Rights exercises less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the remaining unexercised Rights shall be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

(7) The Corporation shall:

(a) promptly deliver the share certificates requisitioned by the Rights Agent pursuant to Section 2.01(5)(a) to the Rights Agent;

(b) take all such action as may be necessary and reasonably within its power to ensure that all Common Shares delivered upon the exercise of the Rights shall, at the time of delivery of the certificates for such shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable shares;

(c) take all such action as may be necessary and reasonably within its power to comply with the applicable requirements of securities laws in Canada and the United States of America in connection with the issuance and delivery of the Rights Certificates and the issuance of Common Shares upon the exercise of the Rights;

(d) use reasonable efforts to cause all Common Shares issued upon the exercise of the Rights to be listed upon issuance on The Toronto Stock Exchange, the New York Stock Exchange and such other exchanges, if any, that the Corporation determines are appropriate;

(e) cause to be reserved and kept available out of the authorized and unissued Common Shares, the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;

(f) pay when due and payable any and all federal, provincial and state transfer taxes of Canada and the United States of America (except, for greater certainty, any income taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being transferred or exercised; and

(g) after the Separation Time, except as permitted by Section 5.01, not take (or permit any Subsidiary to

take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.02 LEGEND ON COMMON SHARE CERTIFICATES

(1) Certificates issued for Common Shares after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall have printed on or affixed to them the following legend in, if appropriate, both the English and French languages:

> "Until the Separation Time (as defined in the Shareholder Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Shareholder Rights Agreement made as of 23 December 2004, (the "Rights Agreement") between Novelis Inc. (the "Corporation") and CIBC Mellon Trust Company, as Rights Agent, the terms of which are incorporated herein by reference and a copy of which is on file at the principal executive offices of the Corporation. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be amended, redeemed, may expire, may become void if, in certain cases, they are "Beneficially Owned" by an "Acquiring Person" (as such terms are defined in the Rights Agreement) or a transferee thereof, or may be evidenced by separate certificates and may no longer be evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge within five days after the receipt of a written request therefor."

(2) Certificates representing Common Shares that are issued and outstanding at any time shall evidence one Right for each Common Share evidenced thereby notwithstanding the absence of a legend in accordance with Section 2.02(1).

2.03 ADJUSTMENTS

(1) The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.03.

(2) If the Corporation shall at any time after the Record Time but prior to the Expiration Time:

(a) declare or pay a dividend on the Common Shares payable in Common Shares or Convertible Securities other than pursuant to any optional stock dividend programme,

(b) subdivide or change the then outstanding Common Shares into a greater number of Common Shares,

(c) combine or change the then outstanding Common Shares into a smaller number of Common Shares, or

(d) issue any Common Shares or Convertible Securities in respect of, in lieu of or in exchange for existing Common Shares in a reclassification, amalgamation, arrangement or consolidation,

the Exercise Price and the number of Rights outstanding or, if the payment or effective date thereof shall occur after the Separation Time, the securities purchasable upon exercise of the Rights shall be adjusted in the following manner.

If the Exercise Price and the number of Rights outstanding are to be adjusted:

(e) the Exercise Price in effect after such adjustment shall be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares that a holder of one Common Share immediately prior to such dividend, subdivision, change, combination or issuance would hold thereafter as a result thereof (such denominator being the "Expansion Factor"), and

(f) each Right held prior to such adjustment shall become that number of Rights equal to the Expansion Factor and, if such adjustment is to be made prior to the Separation Time, the adjusted number of Rights shall be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision, change, combination or issuance, so that each such Common Share shall have exactly one Right associated with it.

If the securities purchasable upon the exercise of the Rights are to be adjusted, the securities purchasable upon the exercise of each Right after such adjustment shall be the securities that a holder of the securities purchasable upon the exercise of one Right immediately prior to such dividend, subdivision, change, combination or issuance would hold thereafter as a result thereof.

If, after the Record Time but prior to the Expiration Time, the Corporation issues any securities in a transaction of a type described in the first sentence of this Section 2.03(2) which are exchangeable for or convertible into or give a right to acquire Common Shares, such securities shall be treated herein as nearly equivalent to Common Shares as may be practicable and appropriate under the circumstances and the Corporation and the Rights Agent shall amend this Agreement in order to effect such treatment; provided that no such amendment may materially adversely affect the interests of the holders of the Rights generally.

In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Common Share otherwise than in a transaction referred to in this Section 2.03(2), each Common Share so issued shall automatically have one new Right associated with it which Right shall be evidenced by the certificate representing such Common Share.

(3) If the Corporation at any time after the Record Time but prior to the Expiration Time fixes a record date for the making of a distribution to all holders of Common Shares of rights or warrants entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares, having a conversion, exchange or exercise price (including the price required to be paid to purchase such convertible or exchangeable security or right per share)) less than 95% of the Market Price per Common Share on such record date, the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such record date plus the number of Common Shares which the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered (including the price required to be paid to purchase such convertible or exchangeable securities or rights)) would purchase at such Market Price and the denominator of which shall be the number of Common Shares outstanding on such record date plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable). In case such subscription price may be paid in a consideration all or part of which is in a form other than cash, the value of such consideration shall be as determined in good faith by the Board. To the extent that such rights or warrants are not exercised prior to the

expiration thereof, the Exercise Price shall be readjusted to the Exercise Price that would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights.

For the purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to any (i) Dividend Reinvestment Plan and/or (ii) Common Share purchase plan providing for the investment of periodic optional payments and/or (iii) employee or executive or director benefit or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall not be deemed to constitute an issue of rights or warrants by the Corporation; provided, however, that, in the case of any Dividend Reinvestment Plan or Common Share purchase plan, the right to purchase Common Shares is at a price per share not less than 90% of the then Market Price of the Common Shares.

(4) If the Corporation at any time after the Record Time but prior to the Expiration Time fixes a record date for the making of a distribution to all holders of Common Shares of evidences of indebtedness or assets (other than a Regular Periodic Cash Dividend or a dividend paid in Common Shares) or rights or warrants (excluding those referred to in Section 2.03(3)), the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the Market Price per Common Share on such record date less the fair market value per Common Share (as determined in good faith by the Board) of the evidences of indebtedness, assets, rights or warrants to be so distributed and the denominator of which shall be the Market Price per Common Share on such record date. Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such a distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price that would have been in effect if such record date had not been fixed.

(5) Each adjustment made pursuant to this Section 2.03 shall be made as of:

(a) the payment or effective date for the applicable dividend, subdivision, change, combination or issuance, in the case of an adjustment made pursuant to Section 2.03(2), or

(b) the record date for the applicable dividend or distribution, in the case of an adjustment made pursuant to Sections 2.03(3) or (4).

(6) Subject to a prior consent of the holders of Voting Shares or Rights obtained as set forth in Sections 5.04(3) or (4) as applicable, if the Corporation at any time after the Record Time but prior to the Expiration Time issues any shares in the capital of the Corporation (other than Common Shares), any rights or warrants to subscribe for or purchase any such shares, or any securities convertible into or exchangeable for any such shares and the Board, acting in good faith, determines that the adjustments contemplated by Sections 2.03(2), (3) or (4) are not applicable and the interests of the holders of the Rights will, as a result thereof, be adversely affected or, if applicable, such adjustments will not appropriately protect the interests of the holders of the Rights, the Board may determine what adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of the Rights would be appropriate to protect the interests of the holders of the Rights and, notwithstanding Sections 2.03(2), (3) or (4), such adjustments, rather than, if applicable, the adjustments contemplated by Sections 2.03(2), (3) or (4), shall be made and the Corporation and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.

(7) Notwithstanding anything herein to the contrary, no adjustment to the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price, provided that any adjustment which is not made as a result of the provisions of this Section 2.03(7) shall be carried forward and taken into account in any subsequent adjustment. Each adjustment to the Exercise Price made pursuant to this Section 2.03 shall be rounded upward or downward to the nearest cent. Whenever an adjustment to the

Exercise Price is made pursuant to this Section 2.03, the Corporation shall promptly:

(a) prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment,

(b) file a copy of such certificate with the Rights Agent and each transfer agent for the Common Shares, and

(c) mail a brief summary thereof to each holder of a Right.

(8) Irrespective of any adjustment or change in the securities purchasable upon exercise of the Rights, the Rights Certificates theretofore and thereafter issued shall continue to express the securities so purchasable which were expressed in the initial Rights Certificates issued hereunder.

(9) Notwithstanding anything contained in this Section 2.03 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.03, as and to the extent that in their good faith judgment the Board shall determine to be advisable, in order that any:

(a) stock dividend;

(b) consolidation or subdivision of Common Shares;

(c) issuance (wholly or in part for cash) of Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares; or

(d) issuance of rights, options or warrants referred to in this Section 2.03,

hereafter made by the Corporation to holders of its Common Shares, shall not be taxable to such shareholders.

2.04 DATE ON WHICH EXERCISE IS EFFECTIVE

Each person in whose name any certificate for Common Shares is issued upon the exercise of the Rights shall for all purposes be deemed to have become the holder of record of the Common Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered and the payment of the Exercise Price for such Rights (and any applicable transfer tax and other governmental charge payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such person shall be deemed to have become the record holder of such shares on, and such certificates shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

2.05 EXECUTION, AUTHENTICATION, DELIVERY AND DATING OF RIGHTS CERTIFICATES

(1) The Rights Certificates shall be executed (either manually or by facsimile signature) on behalf of the Corporation by any two officers of the Corporation under its corporate seal or a facsimile thereof. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates as herein provided for.

(2) Promptly after the Corporation learns of the Separation Time, the Corporation shall notify the Rights Agent of such Separation Time and, subject to compliance with Section 2.01(7), shall deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and give such Rights Certificates to the holders of the Rights pursuant to Section 2.01(3) hereof. No Rights Certificates shall be valid for any purpose unless countersigned by the Rights Agent as aforesaid.

(3) Each Rights Certificate shall be dated the date of countersignature thereof.

2.06 REGISTRATION OF RIGHTS

(1) The Corporation shall cause a register (the "Rights Register") to be kept after the Separation Time in which, subject to such reasonable regulations as it may prescribe, the Corporation shall provide for the registration of the Rights. The Rights Agent is hereby appointed "Rights Registrar" for the purpose of maintaining the Rights Register for the Corporation and registering the Rights and the transfers and exchanges of the Rights as herein provided. If the Rights Agent ceases to be the Rights Registrar, the Rights Agent shall have the right to examine the Rights Register at all reasonable times.

(2) After the Separation Time and prior to the Expiration Time, upon surrender of any Rights Certificate and subject to the provisions of Sections 2.06(4) and (5), the Corporation shall execute, and the Rights Agent shall countersign and deliver in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

(3) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be valid obligations of the Corporation and shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(4) Every Rights Certificate surrendered for transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in a form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing.

(5) As a condition to the issuance of any new Rights Certificate under this Section 2.06, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

2.07 MUTILATED, DESTROYED, LOST AND STOLEN RIGHTS CERTIFICATES

(1) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in the name of the holder in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

(2) If prior to the Expiration Time there is delivered to the Corporation and the Rights Agent:

(a) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate, and

(b) such security or indemnity as may be required by each of them to save each of them and any of their agents harmless,

then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and the Rights Agent shall countersign and deliver in the name of the holder, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

(3) As a condition to the issuance of any new Rights Certificate under this Section 2.07, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expense (including the fees and expenses of the Rights Agent) connected therewith.

(4) Every new Rights Certificate issued pursuant to this Section 2.07 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence an original additional contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionally with any and all other Rights duly issued hereunder.

2.08 PERSONS DEEMED OWNERS

Prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the person in whose name such Rights Certificate (or, prior to the Separation Time, such Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "holder" of Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares).

2.09 DELIVERY AND CANCELLATION OF CERTIFICATES

All Rights Certificates surrendered upon exercise or for registration of transfer or exchange shall, if surrendered to any person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.09, except as expressly permitted by this Agreement. The Rights Agent shall destroy all cancelled Rights Certificates and promptly thereafter deliver a certificate of destruction to the Corporation on request.

2.10 AGREEMENT OF RIGHTS HOLDERS

Every holder of Rights, by accepting the same, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights that:

(a) such holder shall be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof in respect of all Rights held;

(b) prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Shares and after the Separation Time, the Rights shall be transferable only on the Rights Register as provided herein;

(c) prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;

(d) without the approval of any holder of Rights and upon the sole authority of the Board acting in good faith this Agreement may be supplemented or amended from time to time pursuant and subject to Section 2.03 or Section 5.04;

(e) if such holder at any time becomes an Acquiring Person or otherwise becomes subject to the provisions of Section 3.01(2), the Rights held by such holder shall immediately become void pursuant to the provisions of Section 3.01(2);

(f) such holder of Rights has waived his right to receive any fractional Right or any fractional Share or other security upon exercise of a Right (except as specifically provided herein); and

(g) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

ARTICLE 3 - EFFECT OF CERTAIN TRANSACTIONS

3.01 FLIP-IN EVENT

(1) Subject to Section 3.01(2) and Section 5.01, if a Flip-In Event occurs prior to the Expiration Time, the Corporation shall take such action as is necessary to ensure and provide that, except as provided below, each Right shall thereafter constitute the right to purchase from the Corporation, upon the exercise thereof in accordance with the terms hereof, that number of Common Shares of the Corporation having an aggregate Market Price on the date of consummation or occurrence of such Flip-In Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.03 in the event that after such date of consummation or occurrence an event of a type analogous to any of the events described in Section 2.03 shall have occurred with respect to such Common Shares).

(2) Notwithstanding the foregoing, upon the occurrence of any Flip-In Event, any Rights that are or were Beneficially Owned on or after the Stock Acquisition Date by:

(i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), or

(ii) a transferee, direct or indirect, from an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) in a transfer, whether or not for consideration, that the Board, acting in good faith has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding clause (i) of this Section 3.01(2),

shall become void and any holder of such Rights (including transferees) shall thereafter have no right to exercise such Rights under any provision of this Agreement or otherwise.

From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.01, including without limitation, all such acts and things as may be required to satisfy the requirements of the Canada Business Corporations Act, the Securities Act (Ontario) and the securities laws or comparable legislation of each of the provinces of Canada, the United States of America and each of the states thereof in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

(3) Any Rights Certificate issued pursuant to Section 2.01 that represents Rights Beneficially Owned by a Person described in either clauses (i) or (ii) of Section 3.01(2) or transferred to any nominee of any such Person and any Rights Certificates issued upon transfer, exchange, replacement or adjustment of any other Rights Certificates referred to in this sentence shall contain or will be deemed to contain the following additional legend:

"The Rights represented by this Rights Certificate represent Rights Beneficially Owned by an Acquiring Person (as such terms are defined in the Rights Agreement). This Rights Certificate and the Rights represented hereby shall become void in the circumstances specified in Section 3.01(2) of the Shareholder Rights Agreement.";

provided that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so by the Corporation in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that the Rights represented thereby are not, and, to the best of such holder's knowledge, never have been, Beneficially Owned by an Acquiring Person after such person became an Acquiring Person.

ARTICLE 4 - THE RIGHTS AGENT

4.01 GENERAL

(1) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointments. The Corporation may upon such terms as it considers appropriate from time to time appoint such Co-Rights Agents as it may deem necessary or desirable subject to the Rights Agent receiving notice of such appointment. If the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Corporation may determine subject to the approval of the Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand by the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Corporation also agrees to indemnify the Rights Agent, its officers, directors, employees and agents for, and to hold them harmless against, any loss, liability or expense, if incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent for anything done or omitted to be done by the Rights Agent in connection with the exercise and performance of its duties hereunder, including the costs and expenses of defending against any claim of liability, which right to indemnification shall survive the termination of this Agreement or the removal or resignation of the Rights Agent.

(2) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted to be taken by it in connection with the exercise and performance of its duties hereunder in reliance upon any certificate for Common Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

(3) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time, upon request, shall provide to the Rights Agent an incumbency certificate with respect to the then current officers of the Corporation, provided that failure to inform the Rights Agent of any such events, or any defect therein, shall not affect the validity of any action taken hereunder in relation to such events.

4.02 MERGER OR CONSOLIDATION OR CHANGE OF NAME OF THE RIGHTS AGENT

(1) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.04. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates shall have the full force provided for in the Rights Certificates and in this Agreement.

(2) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates

shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided for in the Rights Certificates and in this Agreement.

4.03 ENTITLEMENTS OF THE RIGHTS AGENT

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by which the Corporation and every holder of Rights, by accepting the same, shall be bound:

(a) the Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Corporation), or such other experts or advisors as the Rights Agent deems necessary to carry out its duties under this Agreement, and the opinion of such counsel or other expert or advisor shall be full and complete authorization and protection to the Rights Agent with respect to any action taken or omitted by it in good faith and in accordance with such opinion;

(b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by persons believed by the Rights Agent to be Chairman of the Board, President, Chief Executive Officer, any Vice President, Chief Financial Officer, the Secretary, or any Assistant Secretary of the Corporation and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

(c) the Rights Agent shall be liable hereunder for its own negligence, bad faith or wilful misconduct;

(d) the Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, and all such statements and recitals are and shall be deemed to have been made by the Corporation only;

(e) the Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 3.01(2)) or any adjustment required under the provisions of Section 2.03 or for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.03 describing any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;

(f) the Corporation shall perform, execute, acknowledge and deliver or cause to be performed,

executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement ;

(g) the Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its agency duties hereunder from any person believed by the Rights Agent to be the Chief Executive Officer or the Chief Legal Officer or the Chief Financial Officer of the Corporation, and to apply to such persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such person;

(h) the Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and

(i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

4.04 CHANGE OF THE RIGHTS AGENT

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 calendar days' notice (or such lesser notice as is acceptable to the Corporation) to the Corporation, to each transfer agent of Common Shares by registered or certified mail and to the holders of Rights in accordance with Section 5.08 at the Corporation's expense. The Corporation may remove the Rights Agent upon 60 calendar days' notice to the Rights Agent, to each transfer agent of the Common Shares by registered or certified mail and to the holders of Rights in accordance with Section 5.08. If the Rights Agent resigns or is removed or otherwise becomes incapable of acting, the Corporation shall appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 CALENDAR days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Corporation), then the Rights Agent at the Corporation's expense or the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Ontario. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent upon payment of all outstanding fees expenses owed to it under this Agreement shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares, and give a notice thereof to the holders of the Rights. Failure to give any notice provided for in this Section 4.04 or any defect therein shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

ARTICLE 5 - MISCELLANEOUS

5.01 REDEMPTION, WAIVER AND TERMINATION

(1) Subject to the prior consent of the holders of Voting Shares or Rights obtained as set forth in Sections 5.04(3) or (4), as applicable, the Board acting in good faith may, at its option, at any time prior to the provisions of Sections 3.01 becoming applicable as a result of the occurrence of a Flip-In Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of $0.01 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.03 in the event that an event of the type analogous to any of the events described in Section 2.03 shall have occurred (such redemption price being herein referred to as the "Redemption Price").

(2) The Board may, until a Flip-In Event shall occur, upon written notice delivered to the Rights Agent, determine to waive the application of Section 3.01 to such particular Flip-In Event but only if such Flip-In Event would occur as a result of a Take-Over Bid made by way of a Take-Over Bid circular to all holders of Voting Shares of record; provided that if the Board waives the application of Section 3.01 to a particular Flip-In Event, the Board shall be deemed to have waived the application of Section 3.01 to any other Flip-In Event, that would occur as a result of a Take-Over Bid which is made by means of a Take-Over Bid circular to all holders of Voting Shares of record prior to the expiry of any Take-Over Bid in respect of which a waiver is, or is deemed to have been, granted under this Section 5.01(2).

(3) Notwithstanding Section 5.01(2), upon written notice delivered to the Rights Agent, the Board may also, with respect to any Flip-In Event, waive the application of Section 3.01 to that Flip-In Event, provided that both of the following conditions are satisfied:

(i) the Board has determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intent that he would become an Acquiring Person; and

(ii) such Acquiring Person has reduced his Beneficial Ownership of Voting Shares such that at the time of waiver pursuant to this Section 5.01(3) he is no longer an Acquiring Person.

(4) If the Board elects or is deemed to have elected to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and each Right will after redemption be null and void and the only right thereafter of the holders of Rights will be to receive the Redemption Price and no further Rights shall thereafter be issued.

(5) Within 10 calendar days after the Board electing or having been deemed to have elected to redeem the Rights, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at its last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the Corporation for the Common Shares. Any notice which is mailed in the manner herein provided will be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The failure to give or any defect in such notice shall not affect the validity of such redemption.

(6) Where a Take-Over Bid that is not a Permitted Bid or Competing Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-In Event, the Board may elect to redeem all the outstanding Rights at the Redemption Price.

(7) Upon the Rights being redeemed pursuant to Section 5.01(6), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares, as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred.

(8) In the event that prior to the occurrence of a Flip-In Event a Person acquires, pursuant to a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition, outstanding Voting Shares, then the Board shall immediately upon the consummation of such acquisition without further formality be deemed to have elected to redeem the Rights at the Redemption Price.

5.02 EXPIRATION

No Person shall have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Section 4.01(1).

5.03 ISSUANCE OF NEW RIGHTS CERTIFICATES

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.04 SUPPLEMENTS AND AMENDMENTS

(1) The Corporation may from time to time amend this Agreement with the approval of the Rights Agent but without the consent of any holder of Rights or the holders of Voting Shares in order to correct a clerical or typographical error or to maintain the validity and effectiveness of this Agreement as a result of any change in any applicable laws, rules or regulatory requirements.

(2) The Corporation may, prior to the date of the shareholders' meeting referred to in Section 5.15, supplement or amend this Agreement without the approval of any of the holders of Rights or Voting Shares (whether or not such action would materially adversely affect the interest of the holders of Rights generally) where the Board acting in good faith deems such action necessary or desirable. Notwithstanding anything in this Section 5.04 to the contrary, no such supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.

(3) Subject to Sections 5.04(1) and 5.04(2), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time prior to the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented at and entitled to be voted at a meeting of the holders of Voting Shares duly called and held in compliance with applicable laws and the articles and by-laws of the Corporation.

(4) The Corporation may, with the prior consent of the holders of Rights, at any time on or after the Separation Time and before the Expiration Time, amend, vary or delete any of the provisions of this Agreement and the

Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized in the manner specified in Section 5.04(5).

(5) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the Canada Business Corporations Act with respect to meetings of shareholders of the Corporation.

(6) Any amendment to this Agreement pursuant to Subsection 5.04(1) which is required to maintain the validity of this Agreement as a result of any change in any applicable laws, rules or regulatory requirements shall:

(i) if made before the Separation Time, any such amendment shall be submitted to the shareholders of the Corporation at the next meeting of shareholders and the shareholders may, by the majority referred to in Section 5.04(3) confirm or reject such amendment;

(ii) if made after the Separation Time, any such amendment shall be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in Section 5.04(5) confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board to amend this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights as the case may be.

(7) The Corporation shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation or rescission to this Agreement pursuant to this Section within five Business Days of the date of any such supplement, amendment, deletion, variation or rescission, provided that failure to give notice, or any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation or rescission.

5.05 FRACTIONAL RIGHTS AND FRACTIONAL SHARES

(1) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time, in lieu of issuing fractional Rights, the Corporation shall pay to the holders of record of the Rights Certificates (provided the Rights represented by such Rights Certificates are not void pursuant to the provisions of Section 3.01(2), at the time such fractional Rights would otherwise be issuable), an amount in cash equal to the fraction of the Market Price of one whole Right that the fraction of a Right that would otherwise be issuable is of one whole Right.

(2) The Corporation shall not be required to issue fractions of Common Shares upon exercise of Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of one Common Share that the fraction of a Common Share that would otherwise be issuable upon the exercise of such Right is of one whole Common Share at the date of such exercise.

5.06 RIGHTS OF ACTION

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Corporation or the Rights Agent, are vested in the respective holders of Rights; and any holder of Rights, without the consent of the Rights Agent or of any other holder of Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the generality of the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations of, and injunctive relief against actual or threatened violations of the obligations of, any Person subject to this Agreement.

5.07 HOLDER OF RIGHTS NOT DEEMED TO BE A SHAREHOLDER

No holder of Rights, as such, shall be entitled to vote, to receive dividends, to receive the remaining property of the Corporation on dissolution or to be deemed for any purpose the holder of Common Shares or any other securities which may at any time be issuable on the exercise of such Rights, nor shall anything contained herein or in any Rights Certificate be construed to confer upon any holder of Rights, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, to give or withhold consent to any corporate action, to receive notice of meetings or other actions affecting shareholders (except as provided in Section 5.08) or to receive dividends or subscription rights or otherwise, until such Rights shall have been exercised in accordance with the provisions hereof.

5.08 NOTICES

Any document or other communication to be given in connection with this Agreement to the Corporation shall be given in writing and shall be given by (i) personal delivery, (ii) telegraph, facsimile or other form of recorded electronic communication (charges prepaid and confirmed in writing) or (iii) by first-class postage prepaid mail (except during any general interruption of postal services due to strike, lockout or other cause) addressed to the Corporation as follows:

Novelis Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800
P.O. Box 84
Toronto, Ontario M5J 2Z4

Attention: Chief Executive Officer

Any document or other communication to be given in connection with this Agreement to the Rights Agent shall be given in writing and shall be given by (i) personal delivery, (ii) telegraph, facsimile or other form of recorded electronic communication (charges prepaid and confirmed in writing) or (iii) by first-class postage prepaid mail (except during any general interruption of postal services due to strike, lockout or other cause) addressed to the Rights Agent as follows:

CIBC Mellon Trust Company
2001 University Street
16th Floor
Montreal, Quebec
Canada
H3A 2A6

Attention: Branch Manager

Any document or other communication to be given in connection with this Agreement to any holder of Rights shall be given in writing and shall be given by (i) personal delivery, (ii) telegraph, facsimile or other form of recorded electronic communication (charges prepaid and confirmed in writing) or (iii) by first-class postage prepaid mail (except during any general interruption of postal services due to strike, lockout or other cause) addressed to such holder at the address of such holder as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the Corporation for the Common Shares (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent). The Corporation and the Rights Agent may by notice to the other designate with respect to itself any other address or individual. Any document or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by first class postage prepaid mail, on the fifth Business Day following the deposit thereof in the mail (it being acknowledged, for greater certainty, that any such communication mailed to a holder of a Right as herein provided shall be deemed to have been given whether or not the holder receives such communication).

5.09 COSTS OF ENFORCEMENT

If the Corporation or any other Person, the securities of which are purchasable upon exercise of the Rights, fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation or such Person shall reimburse any holder of Rights for the costs and expenses (including reasonable legal fees) incurred by such holder in any action to enforce his rights pursuant to any Rights or this Agreement.

5.10 BENEFIT OF THE AGREEMENT

This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Corporation and the Rights Agent and upon the heirs, executors, administrators, successors and assigns of the holders of Rights. This Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of Rights and nothing in this Agreement shall be construed to give any Person other than the Corporation, the Rights Agent and the holders of Rights any legal or equitable right, remedy or claim under this Agreement.

5.11 GOVERNING LAW

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario and for all purposes shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

5.12 COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be considered an original and both of which taken together shall constitute a single agreement.

5.13 SEVERABILITY

If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof or the application of such provision to circumstances other than those to which it is held invalid or unenforceable.

5.14 DETERMINATIONS AND ACTIONS BY THE BOARD

(1) All actions, calculations, interpretations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board, in good faith, shall not subject the Board to any liability to the holders of Rights.

(2) Nothing contained in this Agreement shall be deemed to be in derogation of the obligation of the Board to exercise its fiduciary duties. Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board shall not be entitled to recommend that the holders of the Voting Shares reject any Permitted Bid or any Competing Permitted Bid or any Take-Over Bid, or to take any other action (including, without limiting the generality of the foregoing, the commencement, prosecution, defence or settlement of any litigation and the submission of additional or alternative Permitted Bids or Competing Permitted Bids or Take-Over Bids) with respect to any Permitted Bid or any Competing Permitted Bid or any Take-Over Bid or otherwise that the Board believes is necessary or appropriate in the exercise of its fiduciary duties.

5.15 EFFECTIVE DATE

This Agreement is effective from the Record Time.

5.16 RE-CONFIRMATION AFTER THREE YEARS

At the 2008 Annual Meeting and every third Annual Meeting of Shareholders of the Corporation following the 2008 Annual Meeting, provided that a Flip-In Event has not occurred prior to such time, the Board shall submit a resolution to the holders of Voting Shares of the Corporation for their consideration and, if thought advisable, approval ratifying the continued existence of the Rights. If a majority of greater than 50% of the votes cast by

holders of Voting Shares who vote in respect of such reconfirmation and approval is voted against the continued existence of the Rights, then this Agreement, the Rights Plan and any outstanding Rights shall be of no further force and effect. There shall be excluded from the calculation of shares eligible to vote at such meeting shares held by an Acquiring Person or by any Person who has made or announced an intention to make a tender or exchange offer or Take-Over Bid which, if consummated, would result in such Person holding in the aggregate 20% or more of the outstanding Voting Shares at the date of such bid.

5.17 REGULATORY APPROVALS

Any obligation of the Corporation or action or event contemplated by this Agreement, or any amendment or supplement to this Agreement, shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority. Without limiting the generality of the foregoing, any issuance or delivery of debt or equity securities (other than non-convertible debt securities) of the Corporation upon the exercise of Rights and any amendment or supplement to this Agreement shall be subject to the prior consent of The Toronto Stock Exchange.

5.18 DECLARATION AS TO NON-CANADIAN HOLDERS

If in the opinion of the Board (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada, the Board acting in good faith shall take such actions as it may deem appropriate to ensure such compliance. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to persons who are citizens, residents or nationals of any jurisdiction other than Canada or the United States of America, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

ARTICLE 6 - PERMITTED BIDS

6.01 PERMITTED BIDS

The expression "Permitted Bid" referred to in Section 1.01(hh) means a Take-Over Bid made by an Offeror that is made by means of a Take-Over Bid circular sent to holders of Voting Shares and which complies with the following additional provisions:

(i) the Take-Over Bid is made to all holders of Voting Shares as registered on the books of the Corporation, other than the Offeror;

(ii) the Take-Over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, the following irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the Take-Over Bid (A) prior to the close of business on the date which is not less than 60 calendar days following the date of the Take-Over Bid and (B) only if at such date more than 50% of the Voting Shares held by Independent Shareholders shall have been tendered or deposited pursuant to the Take-Over Bid and not withdrawn;

(iii) unless the Take-Over Bid is withdrawn, the Take-Over Bid contains an irrevocable and unqualified provision that Voting Shares may be deposited pursuant to such Take-Over Bid at any time during the

period of time described in Section 6.01(ii) and that any Voting Shares deposited pursuant to the Take-Over Bid may be withdrawn until taken up and paid for; and

(iv) the Take-Over Bid also contains an irrevocable and unqualified condition that in the event that the deposit condition set forth in Section 6.01(ii)(B) is satisfied, the Offeror will make a public announcement of that fact and the Take-Over Bid will remain open for deposits and tenders of Voting Shares for not less than 10 Business Days from the date of such public announcement.

6.02 COMPETING PERMITTED BIDS

The expression "Competing Permitted Bid" referred to in Section 1.01(n) means a Take-Over Bid that:

(i) is made for Voting Shares after a Permitted Bid or Competing Permitted Bid for Voting Shares has been made but prior to the expiry of such Permitted Bid or Competing Permitted Bid;

(ii) satisfies all of the conditions of the definition of Permitted Bid other than the requirements set out in Section 6.01(ii) (A); and

(iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Voting Shares will be taken up and paid for pursuant to the Take-Over Bid prior to the close of business on a date which is not earlier than the later of (A) the 60th calendar day following the date on which the earliest Permitted Bid which preceded the Competing Permitted Bid was made and (B) 21 calendar days after the date of the Take-Over Bid constituting the Competing Permitted Bid.

IN WITNESS WHEREOF the parties have executed this Agreement on the date and year above written.

NOVELIS INC.

CORPORATE SEAL OF NOVELIS INC.

PER: /S/ BRIAN W. STURGELL

CIBC MELLON TRUST COMPANY

CORPORATE SEAL OF THE CIBC MELLON TRUST COMPANY

PER: /S/ MONICA BYNOE

PER: /S/ STEVE GILBERT

SCHEDULE 1

FORM OF RIGHTS CERTIFICATE

Certificate No. _____ _____ Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION AT THE OPTION OF THE CORPORATION, ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.01(2) OF THE SHAREHOLDER RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE SHAREHOLDER RIGHTS AGREEMENT) OR TRANSFEREES OF AN ACQUIRING PERSON MAY BECOME VOID.

RIGHTS CERTIFICATE

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Agreement made as of (the "Rights Agreement") between Novelis Inc., a corporation incorporated under the laws of Canada (the "Corporation") and CIBC Mellon Trust Company, a trust company incorporated under the laws of Canada, as Rights Agent (the "Rights Agent") (which term shall include any successor Rights Agent under the Rights Agreement) to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the close of business on 1 may 2014 one fully paid Common Share in the capital of the Corporation (a "Common Share") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise duly executed and submitted to the Rights Agent or Co-Rights Agent at its principal office in any one of the Cities of Montreal, Toronto, Winnipeg, Regina, Calgary or Vancouver. The Exercise Price shall initially be $200 (U.S.) per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the registered office of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be, and under certain circumstances are required to be, redeemed by the Corporation at a redemption price of $0.01 per Right. No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the

Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation and its corporate seal.

Date:

ATTEST:

NOVELIS INC.

By:

Secretary

Countersigned:

CIBC MELLON TRUST COMPANY

By:

Authorized Signature

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificate)

FOR VALUE RECEIVED _____

hereby sells, assigns and transfers unto _____

- ---

(Please print name and address of transferee)

this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____, Attorney, to transfer the within Rights Certificate on the books of the within-named Corporation, with full power of substitution.

Dated:

Signature

Signature Guaranteed:

(Signature must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by a major Canadian trust company, a Schedule I Canadian chartered bank, or a member of a recognized Medallion Guarantee program.

- ---

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the best of the knowledge of the undersigned, never have been, Beneficially Owned by an Acquiring Person (as defined in the Rights Agreement) after such person became an Acquiring Person.

Signature

FORM OF ELECTION TO EXERCISE

(To be attached to each Rights Certificate)

TO:

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Common Shares issuable upon the exercise of such Rights and requests that certificates for such shares be issued in the name of:

Name:

Street:

City, Province & Postal Code:

Social Insurance, Social Security or
Other Taxpayer Identification Number:

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Name:

Street:

City, Province & Postal Code:

Social lnsurance, Social Security or
Other Taxpayer Identification Number:

Dated:

Signature

(Signature must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature Guaranteed:

Signature must be guaranteed by a major Canadian trust company, a Schedule I Canadian chartered bank, or a member of a recognized Medallion Guarantee program.

- ---

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the best of the knowledge of the undersigned, never have been, Beneficially Owned by an Acquiring Person (as defined in the Rights Agreement) after such person became an Acquiring Person.

Signature

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Shareholder Rights Agreement) and, in the case of an Assignment, will affix a legend to that effect on any Rights Certificate issued in exchange for this Rights Certificate.

EXECUTION COPY

Exhibit 10.1

SEPARATION AGREEMENT

between

ALCAN INC.

and

NOVELIS INC.

TABLE OF CONTENTS

SEPARATION AGREEMENT (the "AGREEMENT") entered into in the City of Montreal, Province of Quebec, dated as of December 31, 2004.

BETWEEN: ALCAN INC., a corporation organized under the Canada Business Corporations Act ("ALCAN");

AND: NOVELIS INC., a corporation incorporated under the Canada Business Corporations Act ("NOVELIS").

RECITALS:

WHEREAS Alcan Group (as defined below) currently conducts the Alcan Businesses (as defined below);

WHEREAS Alcan has created Arcustarget Inc. (as defined below) in order to hold the Separated Businesses (as defined below) after giving effect to the Reorganization (as defined below);

WHEREAS it is proposed that, pursuant to a Plan of Arrangement (as defined below) and after giving effect to the Reorganization, inter alia, (i) Arcustarget would become a wholly-owned subsidiary of Novelis, (ii) the holders of outstanding Alcan Common Shares (as defined below) would, as of the Effective Date (as defined below), exchange their Alcan Common Shares for an equivalent number of Alcan Class A Common Shares and Alcan Special Shares (as defined below), (iii) the holders of outstanding Alcan Special Shares would, as of the Effective Date, exchange their Alcan Special Shares for a specified number of Novelis Common Shares (as defined below), and (iv) Arcustarget and Novelis would amalgamate;

WHEREAS the Parties (as defined below) wish to set forth in this Agreement the terms on which, and the conditions subject to which, they wish to implement the measures described above;

WHEREAS Alcan and Novelis (1) intend that the Reorganization will (i) qualify for Canadian income tax purposes as a reorganization governed by paragraph 55(3)(b) of the Tax Act (as defined below) and as exchanges of shares by Alcan Common Shareholders (as defined below) pursuant to sections 85.1 and 86 of the Tax Act, such that no gain will be realized by Alcan, Novelis or Alcan Common Shareholders and (ii) qualify for United States federal income tax purposes as a reorganization within the meaning of Section 368(a)(1) of the Internal Revenue Code (as defined below), pursuant to which no gain or loss will be recognized for United States federal income tax purposes by Alcan, Novelis, Alcan Corporation, Alcan Aluminum Corporation or to the shareholders of Alcan under Section 355 of the Internal Revenue Code and the related provisions thereunder and (2) will treat and hereby adopt the Agreement as a plan of reorganization within the meaning of Section 368 of the Internal Revenue Code;

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

ARTICLE I - INTERPRETATION

1.01 DEFINITIONS

The capitalized words and expressions and variations thereof used in this Agreement or in its schedules, unless a clearly inconsistent meaning is required under the context, shall have the meanings ascribed to them in SCHEDULE 1.01 - DEFINITIONS.

1.02 SCHEDULES

The following schedules are attached to this Agreement and form part hereof:

Schedule 1.01 -	Definitions
Schedule 1.01 - "PA"	Plan of Arrangement
Schedule 1.01 - "SB"	Separated Businesses
Schedule 1.01 - "NBS"	Novelis Balance Sheet
Schedule 1.01 - "SE"	Separated Entities
Schedule 2.04(a)	Separated Assets

Schedule 2.06(a)	Excluded Assets
Schedule 2.07(a)	Assumed Liabilities
Schedule 2.07(b)	Liabilities of Separated Entities
Schedule 2.07(c)	Retained Liabilities
Schedule 2.07(g)	Reorganization Documents
Schedule 3.01	Reorganization Transactions
Schedule 3.05(b)	Agreements Not Terminated
Schedule 3.06(q)	Ancillary Agreements
Schedule 3.10	Intercompany Accounts
Schedule 4.02	Actions to be taken prior to Effective Time
Schedule 9.08(a)	Litigation Transferred to Novelis
Schedule 9.08(b)	Litigation to be Defended by Alcan at Novelis's Expense

1.03 EXHIBITS

The following exhibits are attached to this Agreement and form part hereof:

Exhibit A	Alumina Supply Agreement
Exhibit B	By-laws of Novelis
Exhibit C	Certificate of Incorporation of Novelis
Exhibit D	Employee Matters Agreement
Exhibit E	Energy Agreement
Exhibit F	FoilStock Supply Agreement
Exhibit G	Foil Supply Agreements
Exhibit H	Foil Supply and Distribution Agreement
Exhibit I	Intellectual Property Agreements
Exhibit J	Joint Procurement of Goods and Services Protocol
Exhibit K	Metal Supply Agreements
Exhibit L	Neuhausen Agreements
Exhibit M	Ohle Agreement
Exhibit N	Sierre Agreements
Exhibit O	Tax Sharing and Disaffiliation Agreement
Exhibit P	Technical Services Agreements
Exhibit Q	Transitional Services Agreement
Exhibit R	Non Compete Undertaking

1.04 CURRENCY

All references to currency herein are to lawful money of the United States unless otherwise specified.

ARTICLE II -
THE SEPARATION

2.01 SEPARATION

Alcan and Novelis agree to implement the Separation for the purpose of causing the Separated Businesses to be transferred to Novelis Group and the Remaining Alcan Businesses to be held by Alcan or any other member of Alcan Group as of the Effective Time, on the terms and subject to the conditions set forth in this Agreement. The Parties acknowledge that the Separation is intended to result in Novelis, directly or indirectly, operating the Separated Businesses, owning the Separated Assets and assuming the Assumed Liabilities as set forth in this Article II.

2.02 IMPLEMENTATION

The Separation shall be completed in accordance with the agreed general principles, objectives and other provisions set forth in this Article II and shall be implemented in the following manner:

(a) through the completion of the Reorganization, as described in Article III;

(b) through the completion of the Arrangement, as described in Article IV;

(c) through the completion from time to time following the Effective Time of the Deferred Transactions, as described in Section 13.01(a);

(d) through the allocation from time to time following the Effective Time of the Deferred Transfer Assets as described in Section 5.01; and

(e) through the performance by the Parties of all other provisions of this Agreement.

2.03 TRANSFER OF SEPARATED ASSETS; ASSUMPTION OF ASSUMED LIABILITIES

On the terms and subject to the conditions set forth in this Agreement, and in furtherance of the Separation, with effect as of the Effective Time:

(a) Alcan agrees to cause the Separated Assets to be contributed, assigned, transferred, conveyed and delivered, directly or indirectly, to Novelis and Novelis agrees to accept from Alcan all of the Separated Assets and all of Alcan's rights, title and interest in and to all Separated Assets owned, directly or indirectly, by Alcan which, except with respect to the Deferred Separated Assets and Unreleased Liabilities, will result in Novelis owning, directly or indirectly, the Separated Businesses;

(b) Novelis agrees to accept, assume and faithfully perform, discharge and fulfill all of the Assumed Liabilities in accordance with their respective terms; and

(c) Novelis agrees to jointly elect with Alcan, in prescribed form and in a timely manner, to have the provisions of subsection 85(1) of Tax Act (and any applicable corresponding Canadian provincial provision) apply to the operations described in

Section 2.03(a); the "agreed amount" for purposes of such election shall be equal to the cost amount, for purposes of the Tax Act, of the Arcustarget Common Shares at the time of the transfer of such shares to Novelis.

2.04 SEPARATED ASSETS

For the purposes of this Agreement, "SEPARATED ASSETS" shall mean, without duplication, the following Assets used or held for use exclusively or primarily in the conduct of the Separated Businesses or relating exclusively or primarily to a Separated Business or to a Separated Entity:

(a) all Assets expressly identified in this Agreement or in any Ancillary Agreement or in any Schedule hereto or thereto, including those listed on SCHEDULE 2.04(a), as Assets to be transferred to, or retained by, Novelis or any other member of Novelis Group;

(b) the outstanding capital stock, units or other equity interests of the Separated Entities, as listed on SCHEDULE 1.01 - "SE", the transfer of which pursuant to Section 2.03 will result in Novelis owning, directly or indirectly, all of the ownership interests in the Separated Entities that are currently owned directly or indirectly by Alcan;

(c) all Assets properly reflected on the Novelis Balance Sheet (SCHEDULE 1.01 - "NBS"), excluding Assets disposed of by Alcan or any other member of Alcan Group subsequent to the date of the Novelis Balance Sheet;

(d) all Assets that have been written off, expensed or fully depreciated by Alcan or any other member of Alcan Group that, had they not been written off, expensed or fully depreciated, would have been reflected on the Novelis Balance Sheet in accordance with the same accounting principles and practices as those under which the Novelis Balance Sheet was prepared;

(e) all Assets acquired by Alcan or any other member of Alcan Group after the date of the Novelis Balance Sheet and that would be reflected on the balance sheet of Novelis as of the Effective Date (the "NOVELIS OPENING BALANCE SHEET"), if such balance sheet were prepared using the same accounting principles and practices as those under which the Novelis Balance Sheet was prepared; and

(f) all Assets transferred to Novelis Group pursuant to Section 13.01(a); provided, however, that any such transfer shall take effect under Section 13.01(a) and not under this Section 2.04.

Notwithstanding the foregoing, there shall be excluded from the definition of Assets under this Section 2.04 Business Records to the extent they are included in or primarily related to any Excluded Asset or Retained Liability or Remaining Alcan Business or their transfer is prohibited by Applicable Law or pursuant to agreements between Alcan or any other member of Alcan Group and Third Parties or otherwise would subject Alcan or any other member of Alcan Group to liability for such transfer.

2.05 DEFERRED SEPARATED ASSETS

Notwithstanding anything to the contrary contained in Section 2.04 or elsewhere in this Agreement, Separated Assets shall not include the Deferred Separated Assets. The transfer to Novelis (or any other member of Novelis Group) of any such Deferred Separated Asset shall only be completed at the time, in the manner and subject to the conditions set forth in Section 5.01.

2.06 EXCLUDED ASSETS

(a) Notwithstanding anything to the contrary contained in Section 2.04 or elsewhere in this Agreement, the following Assets of Alcan or of any other relevant member of Alcan Group that would otherwise be included among the Separated Assets shall not be transferred to Novelis (or any other member of Novelis Group), shall not form part of the Separated Assets and shall remain the exclusive property of Alcan or the relevant member of Alcan Group on and after the Effective Time (the "EXCLUDED ASSETS"):

(i) any Asset expressly identified on SCHEDULE 2.06(a);

(ii) any Asset referred to in Section 2.06(b); and

(iii) any Asset transferred to Alcan or to any other relevant member of Alcan Group pursuant to Section 13.01(a); provided, however, that any such transfers shall take effect under Section 13.01(a) and not under this Section 2.06.

(b) For greater certainty, any Asset of Alcan or any other member of Alcan Group that is used in or relates in any manner to a Remaining Alcan Business shall not constitute a Separated Asset unless such Asset is specifically identified as a Separated Asset pursuant to Section 2.04.

(c) Notwithstanding anything to the contrary in this Agreement, Excluded Assets shall not include the Deferred Excluded Assets. The transfer to Alcan (or to the relevant member of Alcan Group) of any such Asset shall be completed at the time, in the manner and subject to the conditions set forth in Section 5.01.

2.07 LIABILITIES

For the purposes of this Agreement, Liabilities shall be identified as "ASSUMED LIABILITIES" or as "RETAINED LIABILITIES" under the following order of priority:

(a) any Liability of a Separated Entity, whether arising or accruing prior to, on or after the Effective Time and whether the facts on which it is based occurred on, prior to or after the Effective Time and whether or not reflected on the Novelis Balance Sheet or on the Novelis Opening Balance Sheet, is an Assumed Liability, unless it is expressly identified in this Agreement (including on SCHEDULE 2.07(b) or any other Schedule) or in any Ancillary Agreement as a Liability to be assumed

or retained by Alcan or any other member of Alcan Group, in which case it is a Retained Liability;

(b) any Liability relating to, arising out of, or resulting from the conduct of, a Separated Business or any Rolled Products Business (as conducted at any time prior to, on or after the Effective Time) or relating to a Separated Asset or a Deferred Separated Asset and whether or not arising or accruing prior to, on or after the Effective Time and whether the facts on which it is based occurred on, prior to or after the Effective Time and whether or not reflected on the Novelis Balance Sheet or the Novelis Opening Balance Sheet, is an Assumed Liability, unless it is expressly identified in this Agreement (including on SCHEDULE 2.07(b) or any other Schedule) or in any Ancillary Agreement as a Liability to be assumed or retained by Alcan or any other member of Alcan Group, in which case it is a Retained Liability;

(c) any Liability which is expressly identified on SCHEDULE 2.07(a) is an Assumed Liability and any Liability which is expressly identified on SCHEDULE 2.07(c) is a Retained Liability ;

(d) any Liability which is reflected or otherwise disclosed as a liability or obligation of Novelis Group on the Novelis Balance Sheet is an Assumed Liability;

(e) any Liability which would be reflected or otherwise disclosed on the Novelis Opening Balance Sheet, if such balance sheet were prepared using the same accounting principles and practices as those under which the Novelis Balance Sheet was prepared is an Assumed Liability;

(f) any Liability of a Remaining Alcan Entity, whether arising or accruing prior to, on or after the Effective Time and whether the facts on which it is based occurred on, prior to or after the Effective Time, is a Retained Liability, unless it is determined to be an Assumed Liability pursuant to clauses (a), (b), (c), (d) or (e) above, in which case it is an Assumed Liability; and

(g) any Liability of Novelis or any other member of Novelis Group under this Agreement, any Ancillary Agreement or any Reorganization Document is an Assumed Liability and any Liability of Alcan or any other member of Alcan Group under this Agreement, any Ancillary Agreement or any Reorganization Document is a Retained Liability.

2.08 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES

(a) Each of the Parties (on behalf of itself and each other member of its respective Group) understands and agrees that, except as expressly set forth herein or in any Ancillary Agreement, no Party to this Agreement, any Ancillary Agreement or any other agreement or document contemplated by this Agreement, any Ancillary Agreement or otherwise, makes any representation or warranty, express or implied, regarding any of the Separated Assets, Separated Entities, Separated Businesses, Excluded Assets, Assumed Liabilities or Retained Liabilities

including any warranty of merchantability or fitness for a particular purpose, or any representation or warranty regarding any Consents or Governmental Authorizations required in connection therewith or their transfer, regarding the value or freedom from Encumbrances of, or any other matter concerning, any Separated Asset or Excluded Asset, or regarding the absence of any defense or right of setoff or freedom from counterclaim with respect to any claim or other Separated Asset or Excluded Asset, including any Account Receivable of either Party, or as to the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any Separated Asset or Excluded Asset upon the execution, delivery and filing hereof or thereof.

(b) Except as may expressly be set forth herein or in any Ancillary Agreement, all Separated Assets and Excluded Assets are being transferred on an "as is, where is" basis, at the own risk ("aux risques et perils") of the respective transferees without any warranty whatsoever on the part of the transferor, formal or implicit, legal, statutory or conventional (and, in the case of any Real Property, by means of a quitclaim or similar form deed or conveyance) and the respective transferees shall bear the economic and legal risks that (i) any conveyance shall prove to be insufficient to vest in the transferee good and marketable title, free and clear of any Encumbrance, and (ii) any necessary Third-Party Consent or Governmental Authorization is not obtained or that any requirement of Applicable Law or any Order is not met.

2.09 THIRD-PARTY CONSENTS AND GOVERNMENT APPROVALS

To the extent that the Separation or any transaction contemplated thereby requires a Consent from any Third-Party (a "THIRD-PARTY CONSENT") or any Governmental Authorization, the Parties will use commercially reasonable efforts to obtain all such Third-Party Consents and Governmental Authorizations prior to the Effective Time. If the Parties fail to obtain any such Third-Party Consent or Governmental Authorization prior to the Effective Time, the matter shall be dealt with in the manner set forth in Section 5.01 or 5.02.

ARTICLE III - THE REORGANIZATION

3.01 REORGANIZATION

The Reorganization shall be implemented on the terms and subject to the conditions set forth in this Article III.

3.02 REORGANIZATION TRANSACTIONS

Subject to Section 3.08, Alcan agrees to cause the Reorganization Transactions to be completed substantially in the manner described on SCHEDULE 3.01. Unless otherwise specified on SCHEDULE 3.01, the Reorganization Transactions shall be completed on or before the Reorganization Date.

3.03 EFFECTS OF THE REORGANIZATION TRANSACTIONS

After giving effect to the Reorganization Transactions:

(a) all Separated Assets, other than the equity interests in the Separated Entities (which are addressed in (e) below), will be held by one or several Separated Entities;

(b) all Assumed Liabilities will have been assumed or retained by one or several Separated Entities;

(c) all Excluded Assets held by one or several Separated Entities will have been transferred to, or retained by, one or more Remaining Alcan Entities;

(d) all Retained Liabilities incurred by any Separated Entity will have been assumed by one or several Remaining Alcan Entities; and

(e) all of Alcan's right, title and interest in the capital or common stock of the Separated Entities (other than the shares of the share capital of Arcustarget) will have been transferred to Arcustarget.

3.04 ARCUSTARGET CONSIDERATION

In consideration of the implementation of the Reorganization Transactions, Alcan, in addition to causing Arcustarget Group (or any member thereof) to assume the Assumed Liabilities, shall cause Arcustarget to (i) issue to Alcan, on or prior to the Reorganization Date, such number of Arcustarget common shares and such promissory notes as shall be necessary to complete the Reorganization Transactions and the Arrangement and (ii) issue to one or more Subsidiaries of Alcan as specified on SCHEDULE 3.01 such promissory notes as shall be necessary to complete the Reorganization Transactions.

3.05 TERMINATION OF AGREEMENTS

(a) Subject to Section 3.05(b), Novelis and Alcan agree that all agreements, arrangements, commitments and understandings, whether or not in writing, between any member or members of Novelis Group, on the one hand, and any member or members of Alcan Group, on the other hand, shall terminate without further action being required by any party thereto, with effect as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive such termination) will be of any further force or effect as of and from the Effective Time. Alcan and Novelis shall sign all such documents and perform all such other acts, and they shall cause each other member of their respective Groups to sign all such documents and perform all such other acts, as may be necessary or desirable to implement or confirm such terminations.

(b) The provisions of Section 3.05(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any

Ancillary Agreement to be entered into by either Party hereto or any of the members of their respective Groups); (ii) any agreement, arrangement, commitment or understanding listed or described or set forth on SCHEDULE 3.05(b); (iii) any agreement, arrangement, commitment or understanding to which any Third Party is a party; and (iv) any other agreements, arrangements, commitments or understandings that this Agreement or any Ancillary Agreement contemplates will be in force beyond the Effective Date.

3.06 ANCILLARY AGREEMENTS

On or prior to the Effective Date, the Parties shall execute and deliver or, as applicable, cause the appropriate members of their respective Groups to execute and deliver, each of the following agreements (collectively, the "ANCILLARY AGREEMENTS"):

(a) the Alumina Supply Agreement;

(b) the Employee Matters Agreement;

(c) the Energy Agreement;

(d) the FoilStock Supply Agreement;

(e) the Foil Supply Agreements;

(f) the Foil Supply and Distribution Agreement;

(g) the Intellectual Property Agreements;

(h) the Joint Procurement of Goods and Services Protocol;

(i) the Metal Supply Agreements;

(j) the Nauhausen Agreements;

(k) the Ohle Agreement;

(l) the Sierre Agreements;

(m) the Tax Sharing and Disaffiliation Agreement;

(n) the Technical Services Agreements;

(o) the Transitional Services Agreement;

(p) such other agreements and instruments as may relate to or be identified in any of the foregoing agreements; and

(q) the agreements and instruments identified on SCHEDULE 3.06(q).

3.07 RESIGNATIONS

(a) Alcan agrees to cause each Person who is a director or an officer of any Separated Entity and who will not become an employee of Novelis Group (or any member thereof) on the Effective Date to resign from such position with effect as of the Effective Date.

(b) Novelis agrees to cause each Person who is a director or an officer of a Remaining Alcan Entity and who will become an employee of Novelis Group (or any member thereof) on the Effective Date to resign from such position with effect as of the Effective Date.

(c) Each of Alcan and Novelis agrees to obtain all such letters of resignation or other evidence of such resignations as may be necessary or desirable in performing their respective obligations under this Section 3.07.

3.08 SOLE DISCRETION OF ALCAN

Notwithstanding any other provision of this Article III, Alcan shall have the sole and absolute discretion:

(a) to determine whether to proceed with all or any part of the Reorganization, including any Reorganization Transaction, and to determine the timing of and any and all conditions to the completion of the Reorganization or any part thereof; and

(b) to amend or otherwise change, delete or supplement, from time to time, any term or element of the Reorganization, including any Reorganization Transaction.

3.09 COOPERATION

Novelis shall cooperate with Alcan in all aspects of the Reorganization and it shall, at Alcan's request, sign all such documents and perform all such other acts as may be necessary or desirable to give full effect to the Reorganization; and Novelis shall cause each other member of Novelis Group to do likewise.

3.10 INTERCOMPANY ACCOUNTS AND OTHER ADJUSTMENTS

Prior to the Effective Time, Alcan shall use commercially reasonable efforts to cause all balances related to indebtedness, including any intercompany indebtedness, loans, guarantees, receivables, payables or other accounts between a member of Alcan Group and a member of Novelis Group (including Arcustarget and its Subsidiaries), other than those balances related to indebtedness otherwise specifically provided for in this Agreement or any Ancillary Agreement (including those described in Schedule 3.10) ("INTERCOMPANY ACCOUNTS") to be settled, including by being contributed to capital in its discretion. To the extent that any Intercompany Account has not been settled or contributed to capital by the Effective Time, Novelis agrees to cause any Intercompany Account payable by any member of Novelis Group to be satisfied in full when due. Intercompany Accounts not contributed to capital or otherwise settled by the Effective Time shall be dealt with in the manner set forth in Schedule 3.10. The Parties shall also

perform such cash-balance, working capital and surplus asset adjustments as may be required as at the Effective Time in the manner set forth in Schedule 3.10

ARTICLE IV - THE ARRANGEMENT

4.01 PLAN OF ARRANGEMENT

Each of Alcan and Novelis shall use commercially reasonable efforts to carry out the Plan of Arrangement and to cause the Arrangement to become effective on January 6, 2005, or on such later date as Alcan may determine, provided that if the Alcan Board decides to proceed with the Arrangement, Articles of Arrangement must be filed on or before April 28, 2005.

4.02 ACTIONS PRIOR TO THE EFFECTIVE DATE

In addition to the covenants of Alcan provided for elsewhere in this Agreement, Alcan covenants and agrees, subject to Sections 3.08 and 4.03, that it shall cause the actions described on SCHEDULE 4.02 to be taken prior to the Effective Time.

4.03 SOLE DISCRETION OF ALCAN

Notwithstanding any other provision of this Article IV, Alcan shall have the sole and absolute discretion:

(a) to determine whether to proceed with all or any part of the Arrangement and all the terms of the Plan of Arrangement and to determine the timing of and any and all conditions to the completion of the Arrangement or any part thereof, provided that if the Alcan Board decides to proceed with the Arrangement, Articles of Arrangement must be filed on or before April 28, 2005; and

(b) to amend or otherwise change, delete or supplement, from time to time, any term or element of the Plan of Arrangement.

Additionally, notwithstanding the adoption of the Arrangement Resolution by Alcan Shareholders, the Arrangement shall take effect only at such time as determined by further resolution of the Alcan Board, which shall also have the authority to revoke the Arrangement Resolution at any time prior to the issuance of the Certificate of Arrangement without further approval of the Alcan Shareholders. If the Alcan Board decides to proceed with the Arrangement, Articles of Arrangement must be filed on or before April 28, 2005.

4.04 COOPERATION

Novelis shall cooperate with Alcan in all aspects of the Arrangement and it shall, at Alcan's request, sign all such documents and perform all such other acts as may be necessary or desirable to carry out the Plan of Arrangement and give full effect to the

Arrangement and Novelis shall cause each other member of Novelis Group to do likewise.

ARTICLE V - DEFERRED SEPARATION TRANSACTIONS

5.01 DEFERRED TRANSFER ASSETS

(a) If the transfer to, or retention by, Novelis Group (or the relevant member thereof) of any Asset (a "DEFERRED SEPARATED ASSET") that would otherwise constitute a Separated Asset or the transfer to, or retention by, Alcan Group (or the relevant member thereof) of any Asset (a "DEFERRED EXCLUDED ASSET", and together with a Deferred Separated Asset, a "DEFERRED TRANSFER ASSET") that would otherwise constitute an Excluded Asset cannot be accomplished without giving rise to a violation of Applicable Law, or without obtaining a Third-Party Consent or a Governmental Authorization (collectively, a "TRANSFER IMPEDIMENT") and any such Third-Party Consent or Governmental Authorization has not been obtained prior to the Effective Time, then such Asset shall be dealt with in the manner described in this Section 5.01.

(b) Pending removal of such Transfer Impediment, the Person holding the Deferred Transfer Asset (the "RETAINING PERSON") shall hold such Deferred Transfer Asset for the use and benefit, insofar as reasonably possible, of the Party to whom the transfer of such Asset could not be made at the Effective Time (the "DEFERRED BENEFICIARY"). The Retaining Person shall use commercially reasonable efforts to preserve such Asset and its right, title and interest therein and take all such other action as may reasonably be requested by the Deferred Beneficiary (in each case, at such Deferred Beneficiary's expense) in order to place such Deferred Beneficiary, insofar as reasonably possible, in the same position as it would be in if such Asset had been transferred to it or retained by it with effect as of the Effective Time and so that, subject to the standard of care set forth above, all the benefits and burdens relating to such Deferred Transfer Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Asset, are to inure from and after the Effective Time to such Deferred Beneficiary and the members of the Group to which it belongs. The provisions set forth in this Section 5.01(b) contain all the obligations of the Retaining Person vis-a-vis the Deferred Beneficiary with respect to the Deferred Transfer Asset and the Retaining Person shall not be bound vis-a-vis the Deferred Beneficiary by the obligations imposed by the Civil Code of Quebec on an administrator charged with the full administration of the property of others or by any analogous provision of any other Applicable Law.

(c) The Parties shall continue on and after the Effective Time to use commercially reasonable efforts to remove all Transfer Impediments; provided, however, that neither Party shall be required to make any unreasonable payment or assume any material obligations therefor. As and when any Transfer Impediment is removed,

the relevant Deferred Transfer Asset shall forthwith be transferred to its Deferred Beneficiary at no additional cost and in a manner and on terms consistent with the relevant provisions of this Agreement and the Ancillary Agreements, including without limitation Section 2.08(b) hereof, and any such transfer shall take effect as of the date of its actual transfer.

(d) Notwithstanding the foregoing or any provision of Applicable Law, a Retaining Person shall not be obligated, in connection with the foregoing, to expend any money in respect of a Deferred Transfer Asset unless the necessary funds are advanced by the Deferred Beneficiary of such Deferred Transfer Asset, other than reasonable attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Deferred Beneficiary of such Deferred Transfer Asset.

5.02 UNRELEASED LIABILITIES

If at any time on or after the Effective Time, any member of Alcan Group shall remain obligated to any Third Party in respect of any Assumed Liability or any member of Novelis Group shall remain obligated to any Third Party in respect of any Retained Liability, the following provisions shall apply. The liabilities referred to in this Section 5.02 are hereinafter referred to as the "UNRELEASED LIABILITIES" and the Person remaining obligated for such liability in a manner contrary to what is intended under this Agreement is hereinafter referred to as the "UNRELEASED PERSON."

(a) Each Unreleased Person shall remain obligated to Third Parties for such Unreleased Liability as provided in the relevant Contract, Applicable Law or other source for such Unreleased Liability and shall pay and perform such Liability as and when required, in accordance with its terms.

(b) Alcan shall indemnify, defend and hold harmless each Novelis Indemnified Party that is an Unreleased Person against any Liabilities arising in respect of each Unreleased Liability of such Person; and Novelis shall indemnify, defend and hold harmless each Alcan Indemnified Party that is an Unreleased Person against any Liabilities arising in respect of each Unreleased Liability of such Person. Alcan and Novelis shall take, and shall cause the members of their respective Groups to take, such other actions as may be reasonably requested by the other in accordance with the provisions of this Agreement in order to place Alcan and Novelis, insofar as reasonably possible, in the same position as they would be in if such Unreleased Liability had been fully contributed, assigned, transferred, conveyed, and delivered to, and accepted and assumed or retained, as applicable, by the other Party (or any relevant member of the Group to which it belongs) with effect as of the Effective Time and so that all the benefits and burdens relating to such Unreleased Liability, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Unreleased Liability, are to inure from and after the Effective Time to the member or members of the Alcan Group or the Novelis Group, as the case may be.

(c) The Parties shall continue on and after the Effective Time to use commercially reasonable efforts to cause each Unreleased Person to be released from each of its Unreleased Liabilities.

(d) If, as and when it becomes possible to delegate, novate or extinguish any Unreleased Liability in favor of an Unreleased Person, the Parties shall promptly sign all such documents and perform all such other acts, and shall cause each member of their respective Groups, as applicable, to sign all such documents and perform all such other acts, as may be necessary or desirable to give effect to such delegation, novation, extinction or other release without payment of any further consideration by the Unreleased Person.

5.03 CONSIDERATION

For the avoidance of doubt, the transfer or assumption of any Assets or Liabilities under this Article V shall be effected without any additional consideration by either Party hereunder.

ARTICLE VI - REPRESENTATIONS AND WARRANTIES

6.01 MUTUAL REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to and in favour of the other Party as follows and acknowledges that the other Party is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) it is duly incorporated, amalgamated or continued and is validly existing under the CBCA and has the corporate power and authority to own its Assets and to conduct its businesses and to perform its obligations hereunder;

(b) the execution and delivery of this Agreement, of the Ancillary Agreements and of the Reorganization Documents by it and the completion by it of the transactions contemplated herein, in the Ancillary Agreements, in the Reorganization Documents, in the Plan of Arrangement and in the Tax Rulings do not and will not result in the breach of, or violate any term or provision of, its articles or by-laws;

(c) neither it nor, in the case of Novelis, any of its Group members is subject to any outstanding injunction, judgment or order, of any Governmental Authority which would prevent or materially delay the transactions contemplated by this Agreement, the Ancillary Agreements, the Reorganization Documents, the Plan of Arrangement or the Tax Rulings; there are no civil, criminal or administrative claims, actions, suits, demands, proceedings, hearings or investigations pending or, to the Party's knowledge, threatened, at law, in equity or otherwise, in, before, or by, any Governmental Authority which (if successful) would prevent or materially delay the consummation of the transactions contemplated by this

Agreement, the Ancillary Agreements, the Reorganization Documents, the Plan of Arrangement or the Tax Rulings;

(d) the facts and other information which appear in the Rulings Applications relevant to it are accurate in all material respects and there has been no omission to state a material fact or to provide other material information relating to it that would be relevant to the granting of the Tax Rulings;

(e) no dissolution, winding up, bankruptcy, liquidation or similar proceeding has been commenced, or is pending or proposed, in respect of it, except as contemplated by the Plan of Arrangement; and

(f) the execution and delivery of this Agreement, of the Ancillary Agreements and of the Reorganization Documents and the completion of the transactions contemplated herein, in the Ancillary Agreements and in the Reorganization Documents, have been duly approved by its board of directors, and this Agreement, the Ancillary Agreements and the Reorganization Documents constitute legal, valid and binding obligations of such Party enforceable against it in accordance with its terms, subject to legislation relating to bankruptcy, insolvency, reorganization and other similar legislation of general application and other laws affecting the enforcement of creditors' rights generally, to general principles of equity and limitations upon the enforcement of indemnification for fines or penalties imposed by law and to the discretionary power of the courts as regards specific performance or injunctive relief.

6.02 REPRESENTATIONS AND WARRANTIES OF ALCAN

Alcan represents and warrants to and in favour of Novelis as follows, and acknowledges that Novelis is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) the authorized capital of Alcan consists of an unlimited number of Alcan Common Shares and an unlimited number of preference shares issuable in series of which two series have been authorized. As of November 19, 2004, the issued and outstanding share capital without nominal or par value of Alcan consisted of 369,739,183 Alcan Common Shares, 5,700,000 Alcan Series C Preference Shares and 3,000,000 Alcan Series E Preference Shares;

(b) no Person holds any securities convertible into Alcan Common Shares or any other shares of Alcan or has any agreement, warrant, option or any other right capable of becoming an agreement, warrant or option for the purchase or other acquisition of any unissued shares of Alcan, other than options granted under the Alcan executive share option plan;

(c) to the best of Alcan's knowledge, there is no "specified shareholder" of Alcan (as such term is defined for the purposes of paragraph 55(3.1)(b) of the Tax Act); and

(d) the Alcan Proxy Circular, does not, as of its date, contain any untrue statement of a material fact, omit to state any fact that, if publicly disclosed, could reasonably be expected to have a material impact on the decision of an Alcan Shareholder to vote in favour of the Plan of Arrangement, or omit to state any material fact necessary in order to make the statements therein not misleading; provided, however, that Alcan makes no representations or warranties as to any statements of material fact concerning Novelis and the Separated Businesses (excluding, for greater certainty, facts relating to Alcan and the Remaining Alcan Businesses) that are made in the Alcan Proxy Circular.

6.03 REPRESENTATIONS AND WARRANTIES OF NOVELIS

Novelis represents and warrants to and in favour of Alcan as follows, and acknowledges that Alcan is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) the authorized capital of Novelis consists of an unlimited number of Novelis Common Shares, an unlimited number of Novelis Special Shares, an unlimited number of first preferred shares and an unlimited number of second preferred shares none of which is currently issued and outstanding;

(b) no Person holds any securities convertible into Novelis Common Shares or any other shares of Novelis or has any agreement, warrant, option or any other right capable of becoming an agreement, warrant or option for the purchase or other acquisition of any unissued shares of Novelis except as contemplated by this Agreement or the Tax Rulings; and

(c) the Prospectus will not, as of the date the Registration Statement is declared effective, contain any untrue statement of a material fact, omit to state any fact that, if publicly disclosed, could reasonably be expected to have a material impact on the market price or value of the Novelis Common Shares, or omit to state any material fact necessary in order to make the statements therein not misleading; provided, however, that Novelis makes no representations or warranties as to any statements or omissions made in respect of Alcan (excluding the Separated Businesses, the Separated Assets and the Assumed Liabilities) and the Remaining Alcan Businesses.

ARTICLE VII - COVENANTS

7.01 GENERAL COVENANTS

Each Party covenants with and in favour of the other Party that it shall, subject, in the case of Alcan, to Sections 3.08 and 4.03:

(a) do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments as may

reasonably be required of it to facilitate the carrying out of the intent and purpose of this Agreement;

(b) cooperate with and assist the other Party, both before and after the Effective Date, in dealing with transitional matters relating to or arising from the Reorganization, this Agreement, the Ancillary Agreements or the Arrangement;

(c) cooperate prior to the Effective Date in applying for such amendments to the Tax Rulings, amending the Rulings Applications and making such amendments to this Agreement as may be necessary to obtain the Tax Rulings or to implement the Plan of Arrangement in the manner contemplated in the Tax Rulings or as may be desired by Alcan to enable it to carry out transactions deemed advantageous by it for the purposes of the Separation;

(d) cooperate in preparing, and assisting Novelis in filing with the SEC, the Registration Statement and filing with the securities regulatory authorities in each of the provinces and territories of Canada the Prospectus, and such amendments or supplements thereto, as may be necessary in order to cause the same to become and remain effective as required by Applicable Law. Novelis shall use commercially reasonable efforts to cause the Registration Statement and the Prospectus to become effective under the Exchange Act and the applicable securities laws as soon as practicable but in any event prior to the Effective Time and will file any amendments to the Registration Statement as may be required by the SEC or such amendments to the Prospectus as may be required by the securities regulatory authorities in each of the provinces and territories of Canada; and

(e) cooperate in preparing and filing all documentation (i) to effect all necessary applications, notices, petitions, filings and other documents; and (ii) to obtain as promptly as reasonably practicable all Consents and Governmental Authorizations necessary or advisable to be obtained from any Third Party and/or any Governmental Authority in order to consummate the transactions contemplated by this Agreement (including all approvals required under applicable antitrust laws).

7.02 COVENANTS OF NOVELIS

In addition to the covenants of Novelis provided for elsewhere in this Agreement, Novelis covenants and agrees with and in favour of Alcan that it shall:

(a) use commercially reasonable efforts and do all things reasonably required of it to cause the Reorganization to be completed;

(b) use commercially reasonable efforts and do all things reasonably required of it to cause the Arrangement to become effective on January 6, 2005 or such other date as Alcan may determine;

(c) not perform any act or enter into any transaction that could interfere or be inconsistent with the completion of the Arrangement or the grant of the Tax

Rulings or their effective application to the Arrangement except as provided in Section 7.02(d), and cause any other member of Novelis Group to do likewise;

(d) perform the obligations required to be performed by it under the Plan of Arrangement and do all such other acts and things as may be necessary or desirable and are within its power and control in order to carry out and give effect to the Arrangement and any transactions necessary for the effectiveness of the Tax Rulings, including co-operating with Alcan to obtain: (i) the Interim Order and the Final Order; (ii) the approval for the listing of the Novelis Common Shares on the New York Stock Exchange and the Toronto Stock Exchange; and (iii) such other consents, rulings, orders, approvals and assurances as its counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in Section 8.01; and (iv) satisfaction of the other conditions referred to in Section 8.01; and

(e) perform and, as applicable, cause each member of Novelis Group to perform each of its and their respective obligations under each Ancillary Agreement.

ARTICLE VIII - CONDITIONS

8.01 ACTIONS PRIOR TO THE COMPLETION OF THE ARRANGEMENT

(a) In addition to, and without in any way limiting, Alcan's rights under Sections 3.08 and 4.03, completion of the Arrangement is subject to the fulfillment of each of the following conditions:

(i) the Arrangement, either without amendment or with amendments approved by the Alcan Board, shall have been approved at the Alcan Meeting in accordance with the Interim Order;

(ii) the Final Order shall have been obtained in form and substance satisfactory to Alcan;

(iii) the Registration Statement shall have been filed with and declared effective by the SEC and the Prospectus shall have been filed with, and shall have received the appropriate approval by, the securities regulatory authorities in each of the provinces and territories of Canada and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or threatened by the SEC and the actions and filings with regard to securities laws described in Sections 7.01(d) and 7.02(d) shall have been taken and, where applicable, have become effective or been accepted;

(iv) the Novelis Common Shares to be distributed pursuant to the Arrangement shall have been accepted for listing on the Toronto Stock Exchange and

the New York Stock Exchange, Inc. subject to compliance with normal listing requirements;

(v) the Toronto Stock Exchange, the New York Stock Exchange, Inc., and the London, Swiss and Euronext Paris stock exchanges shall have confirmed that the redesignated New Alcan Common Shares will continue trading as the Alcan Common Shares following the Effective Date;

(vi) no Order or other legal restraint or prohibition preventing the consummation of the Reorganization, the Arrangement or any of the transactions contemplated by this Agreement or any Ancillary Agreement shall be threatened, pending or in effect;

(vii) the Tax Rulings, in form and substance satisfactory to Alcan, shall have been received and remain in full force and effect;

(viii) all of the transactions referred to in such Tax Rulings as occurring on or prior to the Effective Time shall have occurred, and all conditions or terms of such Tax Rulings shall have been satisfied;

(ix) any Consents and Governmental Authorizations necessary to complete the Arrangement shall have been obtained and be in full force and effect;

(x) the Alcan Board shall have approved the Arrangement and shall not have abandoned, deferred or modified the Arrangement at any time prior to the Effective Date;

(xi) the Reorganization Transactions shall have been completed in a manner satisfactory to Alcan;

(xii) each of the Ancillary Agreements shall have been duly executed and delivered by the parties thereto and shall be in effect;

(xiii) the Alcan Board shall have received written opinions acceptable to the Alcan Board from Morgan Stanley & Co. Incorporated and from Lazard Canada Corporation that the Distribution is fair, from a financial point of view, to the Alcan Shareholders, which opinions shall not have been withdrawn or modified;

(xiv) this Agreement will not have been terminated as provided herein; and

(xv) the Alcan Board shall have received such other opinions or reports as the Alcan Board may reasonably request in form and substance reasonably satisfactory to the Alcan Board as to accounting, tax and legal matters from PricewaterhouseCoopers LLP, Ernst & Young LLP, Sullivan & Cromwell LLP and Ogilvy Renault.

(b) The foregoing conditions are for the sole benefit of Alcan and shall not give rise to or create any duty on the part of Alcan or the Alcan Board to waive or not to waive such conditions or in any way limit Alcan's right to terminate this Agreement as set forth in Article XV or alter the consequences of any such termination from those specified in such Article XV. Any determination made by Alcan prior to the Arrangement concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 8.01 shall be final and conclusive.

ARTICLE IX - MUTUAL RELEASES; INDEMNIFICATION

9.01 RELEASE OF PRE-SEPARATION CLAIMS

(a) Except as provided in Section 9.01(c), effective as of the Effective Time, Novelis does hereby, on behalf of itself and each other member of Novelis Group, their respective Affiliates (other than any member of Alcan Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been stockholders (other than any member of Alcan Group), directors, officers, agents or employees of any member of Novelis Group (in each case, in their respective capacities as such) (the "NOVELIS RELEASORS"), unequivocally, unconditionally and irrevocably release and discharge each of Alcan, the other members of Alcan Group, their respective Affiliates (other than any member of Novelis Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been stockholders, directors, officers, agents or employees of any member of Alcan Group (in each case, in their respective capacities as such), and their respective heirs, executors, trustees, administrators, successors and assigns (the "ALCAN PARTIES"), from any and all Actions, causes of action, choses in action, cases, claims, suits, debts, dues, damages, judgments and liabilities, of any nature whatsoever, in law, at equity or otherwise, whether direct, derivative or otherwise, which have been asserted against an Alcan Party or which, whether currently known or unknown, suspected or unsuspected, fixed or contingent, and whether or not concealed or hidden, the Novelis Releasors ever could have asserted or ever could assert, in any capacity, whether as partner, employer, agent or otherwise, either for itself or as an assignee, heir, executor, trustee, administrator, successor or otherwise for or on behalf of any other Person, against the Alcan Parties, relating to any claims or transactions or occurrences whatsoever, up to but excluding the Effective Time, including in connection with the transactions and all activities to implement the Separation (the "NOVELIS CLAIMS"); and the Novelis Releasors hereby unequivocally, unconditionally and irrevocably agree not to initiate proceedings with respect to, or institute, assert or threaten to assert, any Novelis Claim.

(b) Except as provided in Section 9.01(c), effective as of the Effective Time, Alcan does hereby, on behalf of itself and each other member of Alcan Group, their respective Affiliates (other than any member of Novelis Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been

stockholders, directors, officers, agents or employees of any member of Alcan Group (in each case, in their respective capacities as such) (the "ALCAN RELEASORS"), unequivocally, unconditionally and irrevocably release and discharge each of Novelis, the other members of Novelis Group, their respective Affiliates (other than any member of Alcan Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been stockholders (other than any member of Alcan Group), directors, officers, agents or employees of any member of Novelis Group (in each case, in their respective capacities as such), and their respective heirs, executors, trustees, administrators, successors and assigns (the "NOVELIS PARTIES"), from any and all Actions, causes of action, choses in action, cases, claims, suits, debts, dues, damages, judgments and liabilities, of any nature whatsoever, in law, at equity or otherwise, whether direct, derivative or otherwise, which have been asserted against a Novelis Party or which, whether currently known or unknown, suspected or unsuspected, fixed or contingent, and whether or not concealed or hidden, the Alcan Releasors ever could have asserted or ever could assert, in any capacity, whether as partner, employer, agent or otherwise, either for itself or as an assignee, heir, executor, trustee, administrator, successor or otherwise for or on behalf of any other Person, against the Novelis Parties, relating to any claims or transactions or occurrences whatsoever, up to but excluding the Effective Time including in connection with the transactions and all activities to implement the Separation (the "ALCAN CLAIMS"); and the Alcan Releasors hereby unequivocally, unconditionally and irrevocably agree not to initiate proceedings with respect to, or institute, assert or threaten to assert, any Alcan Claim.

(c) Nothing contained in Section 9.01(a) or 9.01(b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreement, arrangement, commitment or understanding that is specified in Section 3.05(b) or in the applicable Schedules thereto, nor shall anything contained in those sections be interpreted as terminating as of the Effective Time any rights under any such agreements, contracts, commitments or understandings. For purposes of clarification, nothing contained in Section 9.01(a) or 9.01(b) shall release any Person from:

(i) any Liability provided in or resulting from this Agreement or any of the Ancillary Agreements;

(ii) any Liability provided in or resulting from any agreement among any members of Alcan Group or Novelis Group that is specified in Section 3.05(b) or in the applicable Schedules thereto as not terminating as of the Effective Time (including for greater certainty, any Liability resulting or flowing from any breaches of such agreements that arose prior to the Effective Time), or any other Liability specified in such Section 3.05 as not to terminate as of the Effective Time;

(iii) (a) with respect to Novelis, any Assumed Liability and (b) with respect to Alcan, any Retained Liability;

(iv) any Liability that the Parties may have with respect to indemnification or contribution pursuant to Article V or this Article IX of this Agreement for Third-Party Claims;

(v) any Liability for unpaid Intercompany Accounts; or

(vi) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 9.01.

In addition, nothing contained in Section 9.01(a) shall release Alcan from honoring its existing obligations to indemnify any director, officer or employee of Novelis who was a director, officer or employee of Alcan or any other member of Alcan Group on or prior to the Effective Time, to the extent that such director, officer or employee becomes a named defendant in any litigation involving Alcan or any other member of Alcan Group and was entitled to such indemnification pursuant to then existing obligations.

(d) Novelis shall not make, and shall not permit any other member of Novelis Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Alcan or any other member of Alcan Group or any other Person released pursuant to Section 9.01(a), with respect to any Liabilities released pursuant to Section 9.01(a). Alcan shall not make, and shall not permit any other member of Alcan Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Novelis or any other member of Novelis Group or any other Person released pursuant to Section 9.01(b), with respect to any Liabilities released pursuant to Section 9.01(b).

(e) It is the intent of Alcan and Novelis by virtue of the provisions of this Section 9.01 to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed before the Effective Time, between or among Novelis or any other member of Novelis Group, on the one hand, and Alcan or any other member of Alcan Group, on the other hand (including any contractual agreements or arrangements existing or alleged to have existed between or among any such members before the Effective Time), except as expressly set forth in Section 9.01(c). At any time, at the request of any other Party, each Party shall, and shall cause each member of its Group to, promptly execute and deliver releases giving full effect to the provisions hereof.

9.02 INDEMNIFICATION BY NOVELIS

Except as provided in Section 9.04 and subject to Section 16.01, Novelis shall, and shall cause the other members of Novelis Group to, solidarily indemnify, defend and hold harmless Alcan, each other member of Alcan Group and each of their respective

directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assigns of any of the foregoing (collectively, the "ALCAN INDEMNIFIED PARTIES"), from and against any and all Liabilities of the Alcan Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) any Separated Business, any Separated Entity, any Separated Asset, any Assumed Liability or, subject to Section 5.01, any Deferred Separated Asset; and

(b) any breach of, or any inaccuracy in, any representation or warranty or any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of, this Agreement or any of the Ancillary Agreements, by Novelis or any other member of Novelis Group.

9.03 INDEMNIFICATION BY ALCAN

Except as provided in Section 9.04 and subject to Section 16.01, Alcan shall indemnify, defend and hold harmless Novelis, each other member of Novelis Group and each of their respective directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assigns of any of the foregoing (collectively, the "NOVELIS INDEMNIFIED PARTIES"), from and against any and all Liabilities of the Novelis Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) any Remaining Alcan Business or any Retained Liability; and

(b) any breach of, or any inaccuracy in, any representation or warranty or any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of, this Agreement or any of the Ancillary Agreements, by Alcan or any other member of Alcan Group.

9.04 METHOD OF ASSERTING CLAIMS ETC.

(a) All claims for indemnification relating to a Third Party Claim by any indemnified party (an "INDEMNIFIED PARTY") hereunder shall be asserted and resolved as set forth in this Section 9.04.

(b) In the event that any written claim or demand for which an indemnifying party (an "INDEMNIFYING PARTY") may have liability to any Indemnified Party hereunder, is asserted against or sought to be collected from any Indemnified Party by a Third Party (a "THIRD PARTY CLAIM"), such Indemnified Party shall promptly, but in no event more than ten (10) days following such Indemnified Party's receipt of a Third Party Claim, notify the Indemnifying Party in writing of such Third Party Claim, the amount or the estimated amount of damages sought thereunder to the extent then ascertainable (which estimate shall not be conclusive of the final amount of such Third Party Claim), any other remedy sought thereunder, any relevant time constraints relating thereto and, to the extent practicable, any other material details pertaining thereto (a "CLAIM NOTICE"); provided, however, that the failure to timely give a Claim Notice shall affect the rights of an Indemnified

Party hereunder only to the extent that such failure has a material prejudicial effect on the defenses or other rights available to the Indemnifying Party with respect to such Third Party Claim. The Indemnifying Party shall have thirty (30) days (or such lesser number of days set forth in the Claim Notice as may be required by court proceeding in the event of a litigated matter) after receipt of the Claim Notice (the "NOTICE PERIOD") to notify the Indemnified Party that it desires to defend the Indemnified Party against such Third Party Claim.

(c) In the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that it desires to defend the Indemnified Party against a Third Party Claim, the Indemnifying Party shall have the right to defend the Indemnified Party by appropriate proceedings and shall have the sole power to direct and control such defense, with counsel reasonably satisfactory to the Indemnified Party at its expense. Once the Indemnifying Party has duly assumed the defense of a Third Party Claim, the Indemnified Party shall have the right, but not the obligation, to participate in any such defense and to employ separate counsel of its choosing. The Indemnified Party shall participate in any such defense at its expense unless (i) the Indemnifying Party and the Indemnified Party are both named parties to the proceedings and the Indemnified Party shall have reasonably concluded that representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, or (ii) the Indemnified Party assumes the defense of a Third Party Claim after the Indemnifying Party has failed to diligently pursue a Third Party Claim it has assumed, as provided in the first sentence of this Section 9.04(c). The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle, compromise or offer to settle or compromise any Third Party Claim on a basis that would result in (i) the imposition of a consent order, injunction or decree that would restrict the future activity or conduct of the Indemnified Party or any of its Affiliates, (ii) a finding or admission of a violation of Applicable Law or violation of the rights of any Person by the Indemnified Party or any of its Affiliates or (iii) a finding or admission that would have an adverse effect on other claims made or threatened against the Indemnified Party or any of its Affiliates.

(d) If the Indemnifying Party (i) elects not to defend the Indemnified Party against a Third Party Claim, whether by not giving the Indemnified Party timely notice of its desire to so defend or otherwise or (ii) after assuming the defense of a Third Party Claim, fails to take reasonable steps necessary to defend diligently such Third Party Claim within ten (10) days after receiving written notice from the Indemnified Party to the effect that the Indemnifying Party has so failed, the Indemnified Party shall have the right but not the obligation to assume its own defense; it being understood that the Indemnified Party's right to indemnification for a Third Party Claim shall not be adversely affected by assuming the defense of such Third Party Claim. The Indemnified Party shall not settle a Third Party Claim without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

(e) The Indemnified Party and the Indemnifying Party shall cooperate in order to ensure the proper and adequate defense of a Third Party Claim, including by providing access to each other's relevant business records and other documents, and employees; it being understood that the reasonable costs and expenses of the Indemnified Party relating thereto shall be Liabilities.

(f) The Indemnified Party and the Indemnifying Party shall use commercially reasonable efforts to avoid production of confidential information (consistent with Applicable Law), and to cause all communications among employees, counsel and others representing any party to a Third Party Claim to be made so as to preserve any applicable attorney-client or work-product privileges.

9.05 ADJUSTMENTS TO LIABILITIES

(a) If an Indemnified Party receives any payment from an Indemnifying Party in respect of any Liabilities and the Indemnified Party could have recovered all or a part of such Liabilities from a Third Party (a "POTENTIAL CONTRIBUTOR") based on the underlying claim or demand asserted against such Indemnifying Party, such Indemnified Party shall, to the extent permitted by Applicable Law, assign such of its rights to proceed against the Potential Contributor as are necessary to permit such Indemnifying Party to recover from the Potential Contributor the amount of such payment.

(b) If notwithstanding Section 9.05(a) an Indemnified Party receives an amount from a Third Party in respect of a Liability that is the subject of indemnification hereunder after all or a portion of such Liability has been paid by an Indemnifying Party pursuant to this Article IX, the Indemnified Party shall promptly remit to the Indemnifying Party the excess (if any) of (i) the amount paid by the Indemnifying Party in respect of such Liability, plus the amount received from the Third Party in respect thereof, less (ii) the full amount of the Liability.

(c) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other Third Party shall be entitled to a "wind-fall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof.

9.06 PAYMENTS

The Indemnifying Party shall pay all amounts payable pursuant to this Article IX by wire transfer of immediately available funds, promptly following receipt from an Indemnified Party of a bill, together with all accompanying reasonably detailed back-up documentation, for a Liability that is the subject of indemnification hereunder, unless the Indemnifying Party in good faith disputes the Liability, in which event it shall so notify the Indemnified Party. In any event, the Indemnifying Party shall pay to the Indemnified

Party, by wire transfer of immediately available funds, the amount of any Liability for which it is liable hereunder no later than three (3) days following any final determination of such Liability and the Indemnifying Party's liability therefor. A "final determination" shall exist when (i) the parties to the dispute have reached an agreement in writing, (ii) a court of competent jurisdiction shall have entered a final and non-appealable order or judgment, or (iii) an arbitration or like panel shall have rendered a final non-appealable determination with respect to disputes the parties have agreed to submit thereto.

9.07 CONTRIBUTION

If the indemnification provided for in this Article IX shall, for any reason, be unavailable or insufficient to hold harmless the Indemnified Party hereunder in respect of any Liability, then each Indemnifying Party shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such Liability, in such proportion as shall be sufficient to place the Indemnified Party in the same position as if such Indemnified Party were indemnified hereunder, the Parties intending that their respective contributions hereunder be as close as possible to the indemnification under Sections 9.02 and 9.03. If the contribution provided for in the previous sentence shall, for any reason, be unavailable or insufficient to put the Indemnified Party in the same position as if it were indemnified under Section 9.02 or 9.03, as the case may be, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liability, in such proportion as shall be appropriate to reflect the relative benefits received by and the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand with respect to the matter giving rise to the Liability.

9.08 LITIGATION

(a) Litigation Transferred to Novelis. Notwithstanding anything to the contrary in this Article IX, at the Effective Time, responsibility for management of the litigation identified on SCHEDULE 9.08(a) at the cost and expense of Novelis, which Schedule may be updated by Alcan on or prior to the Effective Time, shall be transferred from Alcan (or any other member of Alcan Group) to Novelis. As of the Effective Time and thereafter, Novelis shall manage the defense of each such litigation, or prosecute same as applicable, and shall cause the applicable other members of Novelis Group to do the same. Alcan and the other members of Alcan Group must first obtain the prior consent of Novelis or the relevant member of Novelis Group for any action taken subsequent to the Effective Time in connection with the litigation identified on SCHEDULE 9.08(a), which consent shall not be unreasonably withheld or delayed. All other matters relating to such litigation, including but not limited to indemnification for such claims, shall be governed by the provisions of Sections 9.01 through 9.07, 9.09 and 9.10.

(b) Litigation to be Defended by Alcan at Novelis's Expense. Notwithstanding any contrary provisions in this Article IX, Alcan shall defend, and shall cause the relevant other members of Alcan Group to defend, or prosecute same as applicable, the litigation identified on SCHEDULE 9.08(b), which Schedule may be

updated by Alcan on or prior to the Effective Time, at the cost and expense of Novelis. Novelis shall be responsible for promptly reimbursing, or causing its Group members to promptly reimburse, to Alcan, or upon the request of Alcan (or any other member of Alcan Group) promptly advancing to Alcan (or any other member of Alcan Group), any of its costs, including attorneys' fees, incurred in defending such litigation. All other matters relating to such litigation, including but not limited to indemnification for such claims, shall be governed by the provisions of Sections 9.01 through 9.07, 9.09 and 9.10.

(c) Cooperation. Alcan and Novelis shall cooperate, and shall cause the other members of their respective Groups to cooperate, with each other in the defense of any litigation covered under this Section 9.08 and afford to each other reasonable access upon reasonable advance notice to witnesses and information that is reasonably required to defend or prosecute such litigation as set forth in this Article IX. The foregoing agreement to cooperate includes, but is not limited to, an obligation to provide access to qualified assistance, information, witnesses and documents to respond to discovery requests in specific lawsuits. In such cases, cooperation shall be timely so that the Party responding to discovery may meet any court-imposed deadlines. In connection with any matter contemplated by this Section 9.08, the Parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any member of any Group.

(d) No Assignment. Nothing in this Section 9.08 shall be considered or interpreted as an assignment by Alcan or any other member of Alcan Group of any rights of action in contravention of Article II hereof.

9.09 REMEDIES CUMULATIVE

The remedies provided in this Article IX shall be cumulative and, subject to the provisions of Article XII, shall not preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

9.10 SURVIVAL OF INDEMNITIES

The rights and obligations of each of Alcan and Novelis and their respective Indemnified Parties under this Article IX shall survive the distribution, sale or other transfer by any Party of any Assets or the delegation or assignment by it of any Liabilities.

ARTICLE X - INSURANCE

10.01 INSURANCE MATTERS

(a) Novelis does hereby, for itself and each other member of Novelis Group, agree that no member of Alcan Group or any Alcan Indemnified Party shall have any liability whatsoever as a result of the insurance policies and practices of Alcan

and its Affiliates as in effect at any time prior to the Effective Time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

(b) Alcan agrees to cause the interest and rights of Novelis and the other members of Novelis Group as of the Effective Time as insureds or beneficiaries or in any other capacity under occurrence-based insurance policies and programs (and under claims-made policies and programs to the extent a claim has been submitted prior to the Effective Time) of Alcan or any other member of Alcan Group in respect of periods prior to the Effective Time to survive the Effective Time for the period for which such interests and rights would have survived without regard to the transactions contemplated hereby to the extent permitted by such policies, and Alcan shall continue to administer such policies and programs on behalf of Novelis and the other members of Novelis Group, subject to Novelis reimbursement to Alcan and the other relevant members of Alcan Group for the actual out-of-pocket costs of such ongoing administration and the internal costs (based on the proportion of the amount of time actually spent on such matter to such employee's normal working time) of any employee or agent of Alcan of any other relevant member of Alcan Group who will be required to spend at least ten percent of their normal working time over any ten (10) Business Days working with respect to any such matter. Any proceeds received by Alcan of any other member of Alcan Group after the Effective Time under such policies and programs in respect of Novelis and the other members of Novelis Group shall be for the benefit of Novelis and the other members of Novelis Group. Notwithstanding the foregoing, such insurance proceeds payable in respect of Novelis and the other members of Novelis Group for periods prior to the Effective Time shall be for the benefit of Alcan and its Affiliates (excluding, for greater certainty, Novelis and the other members of Novelis Group) to the extent such proceeds relate to expenditures that have been made prior to the Effective Time.

(c) This Agreement is not intended as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of Alcan Group in respect of any insurance policy or any other contract or policy of insurance.

(d) Nothing in this Agreement shall be deemed to restrict any member of Novelis Group from acquiring at its own expense any other insurance policy in respect of any Liabilities or covering any period.

ARTICLE XI -
EXCHANGE OF INFORMATION; CONFIDENTIALITY

11.01 AGREEMENT FOR EXCHANGE OF INFORMATION; ARCHIVES

Without limiting any rights or obligations under any Ancillary Agreement between the Parties and/or any other member of their respective Groups relating to confidentiality, each of Alcan and Novelis agrees to provide, and to cause its Representatives, its Group members and its respective Group members' Representatives to provide, to the other Group and any member thereof (a "REQUESTING PARTY"), at any time before, on or after the Effective Date, subject to the provisions of Section 11.04 and as soon as reasonably practicable after written request therefor, any Information within the possession or under the control of such Party or one of such Persons which the Requesting Party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the Requesting Party (including under applicable securities laws) by a Governmental Authority having jurisdiction over the Requesting Party, (ii) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation of the Requesting Party or similar requirements, in each case other than claims or allegations that one Party to this Agreement or any of its Group members has or brings against the other Party or any of its Group members, or (iii) subject to the foregoing clause (ii) above, to comply with its obligations under this Agreement or any Ancillary Agreement; provided, however, that in the event that any Party determines that any such provision of Information could be commercially detrimental, violate any Applicable Law or agreement, or waive any attorney-client privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence. More particularly, and without limitation to the generality of the foregoing sentence, the Parties agree that the provisions of the Tax Sharing and Disaffiliation Agreement shall govern with respect to the sharing of Information relating to Tax and to the extent governed thereby, the provisions of this Article XI shall not apply.

After the Effective Time, Novelis and the other members of Novelis Group shall have access during regular business hours (as in effect from time to time), and upon reasonable advance notice, to the documents and objects of historic significance that relate to the Separated Businesses, the Separated Assets or the Separated Entities and that are located in archives retained or maintained by Alcan or any other member of Alcan Group. Novelis and the other members of Novelis Group may obtain copies (but not originals) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes, provided that Novelis shall cause any such objects to be returned promptly, at Novelis's expense, in the same condition in which they were delivered to Novelis or any other member of Novelis Group and Novelis and the other members of Novelis Group shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to Alcan or such other member of Alcan Group. In any event, the foregoing shall not be deemed to restrict the access of Alcan or any other member of Alcan Group to any such documents or objects. Nothing herein shall be deemed to impose any

Liability on Alcan or any other member of Alcan Group if documents or objects referred to in this Section 11.01 are not maintained or preserved by Alcan or any other member of Alcan Group.

Alternatively, Alcan, acting reasonably, may request from Novelis and any other member of Novelis Group that they provide it, with reasonable advance notice, with a list of the requested Information that relates to the Separated Businesses, the Separated Assets or the Separated Entities and Alcan shall use, and shall cause the other members of Alcan Group who are in possession of the Information requested to use, commercially reasonable efforts to locate all requested Information that is owned or possessed by Alcan or any of its Group members or Representatives. Alcan will make available all such Information for inspection by Novelis or any other relevant member of Novelis Group during normal business hours at the place of business reasonably designated by Alcan. Subject to such confidentiality or security obligations as Alcan or the other relevant members of its Group may reasonably deem necessary, Novelis and the other relevant members of Novelis Group may have all requested Information duplicated. Alternatively, Alcan or the other relevant members of Alcan Group may choose to deliver to Novelis, at Novelis's expense, all requested Information in the form reasonably requested by Novelis or any other member of Novelis Group. At Alcan's request, Novelis shall cause such Information when no longer needed to be returned to Alcan at Novelis's expense.

11.02 OWNERSHIP OF INFORMATION

Any Information owned by a Party or any of its Group members and that is provided to a requesting party pursuant to Section 11.01 shall be deemed to remain the property of the providing party. Unless specifically set forth herein or in any Ancillary Agreement, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

11.03 COMPENSATION FOR PROVIDING INFORMATION

The Party requesting Information agrees to reimburse the other Party for the reasonable costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the Requesting Party. Except as may be otherwise specifically provided elsewhere in this Agreement, in the Ancillary Agreements, or in any other agreement between the Parties, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

11.04 RECORD RETENTION

To facilitate the possible exchange of Information pursuant to this Article XI and other provisions of this Agreement after the Effective Time, the Parties agree to use commercially reasonable efforts to retain, and to cause the members of their respective Group to retain, all Information in their respective possession or control on the Effective Date in accordance with the policies of Alcan Group as in effect on the Effective Date or such other policies as may be reasonably adopted by the appropriate Party after the Effective Date.

No Party will destroy, or permit any member of its Group to destroy, any Information which the other Party or any member of its Group may have the right to obtain pursuant to this Agreement prior to the fifth (5th) anniversary of the Effective Date without first using commercially reasonable efforts to notify the other Party of the proposed destruction and giving the other Party the opportunity to take possession of such Information prior to such destruction.

11.05 OTHER AGREEMENTS PROVIDING FOR EXCHANGE OF INFORMATION

The rights and obligations granted or created under this Article XI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of Information set forth in any Ancillary Agreement.

11.06 PRODUCTION OF WITNESSES; RECORDS; COOPERATION

(a) After the Effective Time, but only with respect to a Third-Party Claim, each Party hereto shall use commercially reasonable efforts to, and shall cause the other relevant members of its Group to use commercially reasonable efforts to, make available to the other Party or any member of the Group to which belongs the other Party, upon written request, its then former and current Representatives (and the former and current Representatives of its respective Group members) as witnesses and any books, records or other documents within its control (or that of its respective Group members) or which it (or its respective Group members) otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such Representatives) or books, records or other documents may reasonably be required in connection with any Action in which the Requesting Party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The Requesting Party shall bear all costs and expenses in connection therewith.

(b) If a Party, being entitled to do so under this Agreement, chooses to defend or to seek to settle or compromise any Third-Party Claim, the other Party shall use commercially reasonable efforts to make available to such Party, upon written request, its then former and current Representatives and those of its respective Group members as witnesses and any books, records or other documents within its control (or that of its respective Group members) or which it (or its respective Group members) otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such Representatives) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, as the case may be.

(c) Without limiting the foregoing, the Parties shall cooperate and consult, and shall cause their respective Group members to cooperate and consult, to the extent

reasonably necessary with respect to any Actions (except in the case of an Action by one Party against the other).

(d) The obligation of the Parties to provide witnesses pursuant to this Section 11.06 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other employees without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 11.06(a)).

(e) In connection with any matter contemplated by this Section 11.06, the Parties will enter into, and shall cause all other relevant members of their respective Groups to enter into, a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work-product privileges of any member of any Group.

11.07 CONFIDENTIALITY

(a) Subject to Section 11.08, each of Alcan and Novelis shall hold, and shall cause its respective Group members and its respective Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) and its Representatives to hold, in strict confidence, with at least the same degree of care that applies to Alcan's confidential and proprietary Information pursuant to policies in effect as of the Effective Date, all confidential and proprietary Information concerning the other Group (or any member thereof) that is either in its possession (including Information in its possession prior to the date hereof) or furnished by the other Group (or any member thereof) or by any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) or their respective Representatives at any time pursuant to this Agreement or any Ancillary Agreement or the transactions contemplated hereby or thereby (any such Information referred to herein as "CONFIDENTIAL INFORMATION"), and shall not use, and shall cause its respective Group members, Affiliates and Representatives not to use, any such Confidential Information other than for such purposes as shall be expressly permitted hereunder or thereunder. Notwithstanding the foregoing, Confidential Information shall not include Information that is or was (i) in the public domain other than by the breach of this Agreement or by breach of any other agreement relating to confidentiality between or among the Parties and/or their respective Group members, their respective Affiliates or Representatives, (ii) lawfully acquired by such Party (or any member of the Group to which such Party belongs or any of such Party's Affiliates) from a Third Party not bound by a confidentiality obligation, or (iii) independently generated or developed by Persons who do not have access to, or descriptions of, any such confidential or proprietary Information of the other Party (or any member of the Group to which such Party belongs).

(b) Each Party shall maintain, and shall cause its respective Group members to maintain, policies and procedures, and develop such further policies and

procedures as will from time to time become necessary or appropriate, to ensure compliance with this Section 11.07(a).

(c) Each Party agrees not to release or disclose, or permit to be released or disclosed, any Confidential Information to any other Person, except its Representatives who need to know such Confidential Information (who shall be advised of their obligations hereunder with respect to such Confidential Information), except in compliance with Section 11.08. Without limiting the foregoing, when any Information furnished by the other Party after the Effective Time pursuant to this Agreement or any Ancillary Agreement is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each Party will promptly, after request of the other Party and at the election of the Party receiving such request, return to the other Party all such Information in a printed or otherwise tangible form (including all copies thereof and all notes, extracts or summaries based thereon) and destroy all Information in an electronic or otherwise intangible form and certify to the other Party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon). Notwithstanding the foregoing, the Parties agree that to the extent some Information to be destroyed or returned is retained as data or records for the purpose of business continuity planning or is otherwise not accessible in the Ordinary Course of Business, such data or records shall be destroyed in the Ordinary Course of Business in accordance, if applicable, with the business continuity plan of the applicable Party.

11.08 PROTECTIVE ARRANGEMENTS

In the event that any Party or any member of its Group or any Affiliate of such Party or any of their respective Representatives either determines on the advice of its counsel that it is required to disclose any Confidential Information (the "DISCLOSING PARTY") pursuant to Applicable Law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Confidential Information of the other Party (or any member of the Group to which such Party belongs), the Disclosing Party shall, to the extent permitted by Applicable Law, promptly notify the other Party prior to the Disclosing Party disclosing or providing such Confidential Information and shall use commercially reasonable efforts to cooperate with the Requesting Party so that the Requesting Party may seek any reasonable protective arrangements or other appropriate remedy and/or waive compliance with this Section 11.08. All expenses reasonably incurred by the Disclosing Party in seeking a protective order or other remedy will be borne by the Requesting Party. Subject to the foregoing, the Disclosing Party may thereafter disclose or provide such Confidential Information to the extent (but only to the extent) required by such Applicable Law (as so advised by legal counsel) or by lawful process or by such Governmental Authority and shall promptly provide the Requesting Party with a copy of the Confidential Information so disclosed, in the same form and format as disclosed, together with a list of all Persons to whom such Confidential Information was disclosed.

11.09 DISCLOSURE OF THIRD PARTY INFORMATION

Novelis acknowledges that it and the other members of Novelis Group may have in its or their possession confidential or proprietary Information of Third Parties that was received under confidentiality or non-disclosure agreements with such Third Party while part of Alcan Group. Novelis will hold, and will cause the other members of its Group and its and their respective Representatives to hold, in strict confidence the confidential and proprietary Information of Third Parties to which Novelis or any other member of Novelis Group has access, in accordance with the terms of any agreements entered into prior to the Effective Time between one or more members of Alcan Group (whether acting through, on behalf of, or in connection with, the Separated Businesses) and such Third Parties.

ARTICLE XII-
DISPUTE RESOLUTION

12.01 Disputes

The provisions of this Article XII shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby on or prior to the date hereof), or the commercial or economic relationship of the Parties relating hereto or thereto (a "DISPUTE").

12.02 Negotiation

The Parties hereby undertake to attempt in good faith to resolve any Dispute by way of negotiation between senior executives who have authority to settle such Dispute. In furtherance of the foregoing, any Party may initiate the negotiation by way of a notice (an "ESCALATION NOTICE") demanding an in-person meeting involving representatives of the Parties at a senior level of management of the Parties (or if the Parties agree, of the appropriate strategic business unit or division within such Party). A copy of any Escalation Notice shall be given to the Chief Legal Officer of each Party (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedures for such negotiation may be established by the Parties from time to time; provided, however, that the negotiation shall be completed within thirty (30) days of the date of the Escalation Notice or within such longer period as the Parties may agree in writing prior to the expiration of the initial thirty-day period.

12.03 Mediation

(a) If the Dispute has not been resolved by negotiation as provided in Section 12.02 within thirty (30) days of the date of the Escalation Notice or such extended period as may be agreed by the Parties, or should the Parties fail to meet within the said thirty-day period, the Parties shall endeavour to settle the Dispute by mediation. The Party wishing to refer a Dispute to mediation shall give written

notice to the other (the "MEDIATION NOTICE") describing the Dispute, requiring that the Dispute be submitted to mediation and proposing the name of a suitable person to be appointed mediator.

(b) If the other Party rejects the proposed mediator and the Parties are unable to agree on a mediator within fifteen (15) days of the Mediation Notice, then either Party may request the CPR Institute for Dispute Resolution to appoint a mediator from the CPR Panel of Distinguished Neutrals.

(c) The mediator shall be entitled to make recommendations to the Parties which, unless the Parties agree otherwise, shall not be binding upon them.

(d) The mediation shall continue until the earliest to occur of the following: (i) the Parties reach agreement as to the resolution of the Dispute, (ii) the mediator makes a finding that there is no possibility of resolution through mediation, or (iii) sixty (60) days have elapsed since the appointment of the mediator.

(e) Each Party shall bear its own costs in connection with the mediation; the fees and disbursements of the mediator shall be borne equally by the Parties.

(f) If the Parties accept any recommendation made by the mediator or otherwise reach agreement as to the resolution of the Dispute, such agreement shall be recorded in writing and signed by the Parties, whereupon it shall become binding upon the Parties and have, as between them, the authority of a final judgment or arbitral award (res judicata).

(g) The mediation shall be confidential and neither the Parties (including their auditors and insurers) nor their counsel and any Person necessary to the conduct of the mediation nor the mediator or any other neutral involved in the mediation shall disclose the existence, content (including submissions made, positions adopted and any evidence or documents presented or exchanged), or outcome of any mediation hereunder without the prior written consent of the Parties, except as may be required by Applicable Law or the applicable rules of a stock exchange.

(h) In the event that a Dispute is referred to arbitration in accordance with Section 12.04 below, the mediator or any other neutral involved in the mediation shall not take part in the arbitration, whether as a witness or otherwise, and any recommendation made by him in connection with the mediation shall not be relied upon by either Party without the consent of the other Party and of the mediator or neutral, and neither Party shall make use or rely upon information supplied, positions adopted, or arguments raised, by the other Party in the mediation.

(i) Subject to the right of the Parties to seek interim or conservatory relief from a court of competent jurisdiction, as provided below in Section 12.04(e), neither Party shall be entitled to refer a Dispute to arbitration unless the dispute has first been the subject of an Escalation Notice and been referred to mediation in accordance with Sections 12.02 and 12.03.

12.04 Arbitration

(a) Any Dispute which has not been resolved by negotiation or mediation as provided herein shall, upon the request of either Party, be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the London Court of International Arbitration ("LCIA") then in force (the "LCIA RULES").

(b) The arbitral tribunal shall consist of three arbitrators. The place of arbitration shall be Montreal, Canada. The language of the arbitration shall be English.

(c) The costs of the arbitration shall be specified by the arbitral tribunal and shall be borne by the unsuccessful Party, unless the arbitral tribunal, in its discretion, determines a different apportionment, taking all relevant circumstances into account. The costs of arbitration include, in addition to the costs of the arbitration as determined by the LCIA Court under Article 28.1 of the LCIA Rules, the legal and other costs incurred by the Parties, including: (i) the reasonable travel and other expenses of witnesses; (ii) the reasonable fees and expenses of expert witnesses; and (iii) the costs of legal representation and assistance, to the extent that the arbitral tribunal determines that the amount of such costs is reasonable.

(d) The arbitral tribunal shall endeavour to issue its award within sixty (60) days of the last hearing of the substantive issues in dispute between the Parties; however, the arbitral tribunal shall not lose jurisdiction if it fails to respect this delay. The arbitral award shall be final and binding.

(e) For the purposes of any interim or conservatory measure that may be sought in aid of the arbitration proceedings, including for the purpose of enforcing the non-solicitation and non-competition provisions and other covenants of Sections 14.02, 14.03 and 14.04, the Parties hereby irrevocably submit to the non-exclusive jurisdiction of the competent court in the judicial district of Montreal, Canada, and waive any right to invoke, and they hereby agree not to invoke, any claim of forum non conveniens, inconvenient forum, or transfer or change of venue. Without prejudice to such interim or conservatory remedies as may be obtained from a competent court, the arbitral tribunal shall have full authority to grant interim or conservatory remedies and to award damages for the failure of any Party to respect the arbitral tribunal's orders to that effect.

(f) Neither the Parties (including their auditors and insurers) nor their counsel and any Person necessary to the conduct of the arbitration nor the arbitrators shall disclose the existence, content (including submissions and any evidence or documents presented or exchanged), or outcome of any arbitration hereunder without the prior written consent of the Parties, except as may be required by Applicable Law or the applicable rules of a stock exchange.

ARTICLE XIII-
FURTHER ASSURANCES

13.01 FURTHER ASSURANCES

(a) Except as provided in Sections 3.08 and 4.03, each Party covenants with and in favour of the other Party as follows:

(i) prior to, on and after the Effective Date, each Party hereto shall, and shall cause the other relevant members of its Group to, cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute, acknowledge and deliver, or use commercially reasonable efforts to cause to be executed and delivered, all instruments, assurances or documents, including instruments of conveyance, assignments and transfers, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any Consents or Governmental Authorizations), and to take all such other actions as such Party may reasonably be requested to take by the other Party hereto (or any member of its Group) from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to give effect to the provisions, obligations and purposes of this Agreement and the Ancillary Agreements and the transfers of the Separated Businesses and of the Separated Assets and the assignment and assumption of the Assumed Liabilities and the other transactions contemplated hereby and thereby;

(ii) To the extent that Alcan or Novelis discovers at any time during the two (2) years following the Effective Time any Asset with respect to which there is clear and convincing evidence that such Asset was intended to be transferred to Novelis or any other member of Novelis Group pursuant to this Agreement was not so transferred at the Effective Time, Alcan shall, or shall cause the other relevant members of its Group to promptly, assign and transfer to Novelis or any other member of Novelis Group reasonably designated by Novelis such Asset and all right, title and interest therein in a manner and on the terms consistent with the relevant provisions of this Agreement, including, without limitation, Section 2.08(b). Similarly, to the extent that Alcan or Novelis discovers at any time during the two (2) years following the Effective Time any Asset with respect to which there is clear and convincing evidence that such Asset was intended to be retained by Alcan or any other member of Alcan Group was not so retained at the Effective Time, Novelis shall, or shall cause the other relevant members of its Group to promptly to, assign and transfer to Alcan or any other member of Alcan Group reasonably designated by Alcan such Asset and all right, title and interest therein in a manner and on the terms consistent with the relevant provisions of this Agreement, including, without limitation, Section 2.08(b). For the avoidance of doubt, the

transfer of any Assets under this paragraph (a) shall be effected without any additional consideration by either Party hereunder (such deferred transfers being referred to as "DEFERRED TRANSACTIONS").

(b) On or prior to the Effective Date, Alcan and Novelis, in their respective capacities as direct and indirect parent companies of the members of their respective Groups, shall each approve or ratify any actions of the members of their respective Groups as may be necessary or desirable to give effect to the transactions contemplated by this Agreement and the Ancillary Agreements.

(c) Prior to the Effective Date, if a Party identifies any commercial or other service that is needed to assure a smooth and orderly transition of the businesses in connection with the consummation of the transactions contemplated hereby, and that is not otherwise governed by the provisions of this Agreement or any Ancillary Agreement, the Parties will cooperate in determining whether there is a mutually acceptable arm's-length basis on which the other Party can provide such service.

ARTICLE XIV-
CERTAIN OTHER MATTERS

14.01 AUDITORS AND AUDITS; ANNUAL AND QUARTERLY FINANCIAL STATEMENTS AND ACCOUNTING

Each Party agrees that during the one hundred and twenty (120) days following the Effective Time and in any event solely with respect to the preparation and audit of each of Alcan's and Novelis' financial statements for the year ended December 31, 2004, the printing, filing and public dissemination of such financial statements, the audit of Alcan's internal control over financial reporting and management's assessment thereof and management's assessment of Alcan's disclosure controls and procedures, in each case made as of December 31, 2004:

(a) Date of Auditors' Opinion. Novelis shall use commercially reasonable efforts to enable Novelis's Auditors ("NOVELIS'S AUDITORS") to complete their audit such that they will date their opinion on Novelis's audited annual financial statements on the same date that Alcan's auditors ("ALCAN'S AUDITORS") date their opinion on Alcan's audited annual financial statements, and to enable Alcan to meet its timetable for the printing, filing and public dissemination of Alcan's annual financial statements.

(b) Annual Financial Statements. Novelis shall provide to Alcan on a timely basis all Information that Alcan reasonably requires to meet its schedule for the preparation, printing, filing, and public dissemination of Alcan's annual financial statements and for management's assessment of the effectiveness of Alcan's disclosure controls and procedures and Alcan's internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K and Alcan's Auditors' audit of Alcan's internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the

Sarbanes-Oxley Act of 2002 and the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder (such assessments and audit being referred to as the "2004 INTERNAL CONTROL AUDIT AND MANAGEMENT ASSESSMENTS"). Without limiting the generality of the foregoing, Novelis will provide all required financial and other Information with respect to Novelis and its Subsidiaries to Novelis's Auditors in a sufficient and reasonable time and in sufficient detail to permit Novelis's Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to Alcan's Auditors with respect to Information to be included or contained in Alcan's annual financial statements and to permit Alcan's Auditors and Alcan's management to complete the 2004 Internal Control Audit and Management Assessments. Similarly, Alcan shall provide to Novelis on a timely basis all Information that Novelis reasonably requires to meet its schedule for the preparation, printing, filing, and public dissemination of Novelis's annual financial statements. Without limiting the generality of the foregoing, Alcan will provide all required financial Information with respect to Alcan and its Subsidiaries to Alcan's Auditors in a sufficient and reasonable time and in sufficient detail to permit Alcan's Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to Novelis's Auditors with respect to Information to be included or contained in Novelis's annual financial statements.

(c) Access to Personnel and Books and Records. Novelis shall authorize Novelis's Auditors to make available to Alcan's Auditors both the personnel who performed or are performing the annual audits of Novelis and work papers related to the annual audits of Novelis, in all cases within a reasonable time prior to Novelis's Auditors' opinion date, so that Alcan's Auditors are able to perform the procedures they consider necessary to take responsibility for the work of Novelis's Auditors as it relates to Alcan's Auditors' report on Alcan's financial statements, all within sufficient time to enable Alcan to meet its timetable for the printing, filing and public dissemination of Alcan's annual financial statements. Similarly, Alcan shall authorize Alcan's Auditors to make available to Novelis's Auditors both the personnel who performed or are performing the annual audits of Alcan and work papers related to the annual audits of Alcan, in all cases within a reasonable time prior to Alcan's Auditors' opinion date, so that Novelis's Auditors are able to perform the procedures they consider necessary to take responsibility for the work of Alcan's Auditors as it relates to Novelis's Auditors' report on Novelis's financial statements, all within sufficient time to enable Novelis to meet its timetable for the printing, filing and public dissemination of Novelis's annual financial statements. Novelis shall make available to Alcan's Auditors and Alcan's management Novelis' personnel and Novelis books and records in a reasonable time prior to Alcan's Auditors' opinion date and Alcan's management's assessment date so that Alcan's Auditors and Alcan's management are able to perform the procedures they consider necessary to conduct the 2004 Internal Control Audit and Management Assessments.

(d) Reports Generally. Each Novelis Group member that files information with the SEC will deliver to Alcan a substantially final draft, as soon as the same is

prepared, of the first report to be filed with the SEC that includes Novelis's audited financial statements for the year ended December 31, 2004 (the "NOVELIS ANNUAL REPORT"); provided, however, that Novelis may continue to revise such Novelis Annual Report prior to the filing thereof in order to make corrections and non-substantive changes which corrections and changes will be delivered to Alcan as soon as practicable; provided, further, that Alcan's and Novelis's personnel will actively consult with each other regarding any changes (whether or not substantive) which Novelis may consider making to the Novelis Annual Report and related disclosures prior to the anticipated filing with the SEC, with particular focus on any changes which would have an effect upon Alcan's financial statements or related disclosures.

Nothing in this Section 14.01 shall require Novelis to violate any agreement with any Third Party regarding the confidentiality of confidential and proprietary Information relating to that Third Party or its business; provided, however, that in the event that Novelis is required under this Section 14.01 to disclose any such Information, such Party shall use commercially reasonable efforts to seek to obtain such Third Party Consent to the disclosure of such Information.

14.02 NON-SOLICITATION OF EMPLOYEES

Each Party covenants, agrees and undertakes for itself and each other member of the Group to which such Party belongs, that, except with the written approval of the other Party, no Party nor any member of the Group to which such Party belongs shall, for a period of two (2) years following the Effective Date, (a) directly or indirectly solicit for employment or recruit the employees of the other Party or the employees of any member of the Group to which such other Party belongs, or induce or attempt to induce any employee of the other Party or any employee of any member of the Group to which such other Party belongs, to terminate or cease his or her relationship with such other Party or with such member of the Group to which such other Party belongs, or (b) enter into any employment, consulting, independent contractor or similar arrangement with any employee or former employee of the other Party or employee or former employee of any member of the Group to which such other Party belongs, until one (1) year after the effective date of the termination of such employee's employment with the other Party or with any member of the Group to which such other Party belongs, provided that the foregoing subclause (b) shall not apply to former employees whose employment has been terminated (x) by the employer (with or without cause) or (y) by mutual agreement between the employee and employer. For greater certainty, nothing herein shall prevent Novelis or any other member of Novelis Group from employing employees in accordance with the terms of the Employee Matters Agreement.

The prohibition on solicitation and inducement set out in the foregoing subclause (a) shall not apply to actions taken by a Party or by any member of the Group to which such Party belongs (i) as a result of an employee's affirmative response to a general recruitment effort carried out through a public solicitation or a general solicitation for employment including through the use of a recruitment agent provided that the name of a specific

employee or group of employees is not given to such agency or (ii) as a result of an employee's initiative.

Each Party understands and agrees that the other Party shall suffer irreparable and substantial harm in the event that such Party breaches any of its obligations under this Section 14.02 and that monetary damages shall be inadequate to compensate for the breach. Accordingly, each Party agrees that, in the event of a breach or threatened breach by such Party of any of the provisions of this Section 14.02, the other Party, in addition to and not in limitation of any other rights, remedies or damages available to the other Party under Applicable Law or in equity, shall be entitled to equitable remedies, including provisional, interlocutory and permanent injunctive relief in order to prevent or to restrain any such breach by such Party or by any or all of such Party's Group members, employees, agents, representatives and any and all Persons directly or indirectly acting for, on behalf of or with such Party.

14.03 NON-COMPETITION

(a) Novelis covenants, agrees and undertakes, for itself and each other member of Novelis Group (whether now a member of Novelis Group or hereafter becoming a member of Novelis Group), and it shall cause any such member, not to engage, directly or indirectly, in any manner whatsoever, in any of the following businesses or activities, either alone or in concert or in conjunction with any other Person, in any capacity whatsoever, including as a shareholder, partner, provider of funds, advisor of, employer, principal, mandator, agent, mandatary, joint venturer, consultant, supplier or through any form of Business Concern in which it has an economic interest, during the Standstill Period and the Restricted Period:

(i) the Aerospace Products Business; and

(ii) the Plate Business.

(b) In the event that Novelis refuses, neglects or fails to comply with any of its obligations pursuant to Section 14.03(a) and such default is not remedied within forty-five (45) days following the receipt of a notice signed by Alcan indicating the default complained of (a "NON COMPETE BREACH"), then Alcan may, at its option and without prejudice to any other recourse which may be available to Alcan under Applicable Law or in equity by reason of the occurrence of a Non Compete Breach, terminate any or all of the following, upon notice to Novelis, and the termination shall take effect immediately upon Alcan providing such notice to Novelis:

(i) any or all of the Metal Supply Agreements;

(ii) any or all of the intellectual property licenses granted or to be granted to Novelis or any other member of Novelis Group or any Affiliates of Novelis in the Intellectual Property Agreements;

(iii) the Transitional Services Agreement with respect to any one or more specific Services (and the corresponding Transition Service Schedules)

provided by Alcan or any other member of Alcan Group or all of the Services provided by Alcan or any other member of Alcan Group under the Transitional Services Agreement; and

(iv) any or all of the Technical Services Agreements.

(c) Novelis understands and agrees that Alcan shall suffer irreparable and substantial harm in the event that Novelis breaches any of its obligations under this Section 14.03 and that monetary damages shall be inadequate to compensate for the breach. Accordingly, Novelis agrees that, in the event of a breach or threatened breach by Novelis of any of the provisions of this Section 14.03, Alcan, in addition to and not in limitation of any other rights, remedies or damages available to Alcan under Applicable Law or in equity, shall be entitled to equitable remedies, including provisional, interlocutory and permanent injunctive relief in order to prevent or to restrain any such breach by Novelis, or by any or all of Novelis' Group members, partners, co-venturers, employees, agents, representatives and any and all Persons directly or indirectly acting for, on behalf of or with Novelis.

(d) Novelis has carefully considered the nature and extent of the restrictive covenants set forth in this Section 14.03 and agrees that the same are reasonable, including with respect to duration and scope of activity, in light of the circumstances as they exist on the date upon which this Agreement is executed, including, but not limited to, Alcan's and Novelis's material economic interest in the transactions contemplated in this Agreement, and that the restrictive covenants set forth in this Section 14.03 are necessary to protect Alcan's legitimate interests. Novelis acknowledges (i) that Alcan would not have proceeded with the Arrangement had Novelis not agreed to the restrictive covenants set forth in this Section 14.03, and (ii) that Alcan would be irreparably damaged if Novelis were to breach the restrictive covenants set forth in this Section 14.03.

(e) In the event that a court of competent jurisdiction should conclude that any of the covenants in Section 14.03(a) are too long in duration or too broad in scope, the Parties hereto agree that said court may reduce its duration and/or scope to the maximum duration and/or scope it deems reasonable to protect the interests of Alcan instead of invalidating such covenant and as of such ruling the said covenant shall be deemed to be modified accordingly.

(f) Without limiting the foregoing, the Parties agree that each of the provisions in this Section 14.03 shall be deemed to be separate and distinct and if, for any reason whatsoever, any of the provisions in this Section 14.03 are held null or unenforceable by the final determination of a court of competent jurisdiction and all appeals therefrom shall have failed or the time for such appeals shall have expired, such provision shall be deemed deleted from this Agreement without affecting the validity or enforceability of such provision in any other jurisdiction or any other provision hereof which shall remain in full force and effect.

14.04 CHANGE OF CONTROL WITH RESPECT TO NOVELIS

(a) For the purposes of this Section 14.04, the following terms shall have the following meanings:

(i) "CHANGE OF CONTROL EVENT" means the acquisition by any Person or group of Persons acting jointly or in concert, other than an Affiliate of such Person (collectively or individually, the "THIRD PARTY ACQUIRER"), by way of acquisition, exchange, lease, merger, amalgamation, consolidation or otherwise, directly or indirectly, of any of the Designated Assets or of (A) with respect to a corporation, a direct or indirect interest in more than 30% of the voting securities (whether outstanding or from treasury and including securities convertible into voting securities) or of direct or indirect rights to acquire more than 30% of any such voting securities of, (B) with respect to a trust, a partnership or any Person other than a partnership, the power to administer and direct the business, management or policies of such trust, partnership or Person, directly or indirectly, in any manner (including through one or more trusts or one or more corporations, partnerships or other Persons Controlled by such Person) or that a Person is entitled, directly or indirectly, to over 30% of the profits or a share of over 30% of the losses of, or (C) all or substantially all the assets of:

a. Novelis,

b. any other member of Novelis Group,

c. any Business Concern which then owns, directly or indirectly, the Separated Businesses or a material portion of the Separated Businesses (the "TARGETED ENTITY"),

d. any successor (by way of merger, amalgamation, consolidation or otherwise) to Novelis, any other member of Novelis Group, or the Targeted Entity, or

e. any successor (by way of merger, amalgamation, consolidation or otherwise) to any Person in Control of Novelis, any other member of Novelis Group, or the Targeted Entity.

(ii) "CONTROL" means (i) with respect to a corporation at a given date, that a Person beneficially owns (within the meaning of the CBCA), directly or indirectly, in any manner (including through one or more trusts or one or more corporations, partnerships or other Persons Controlled by such Person) other than as a creditor, at least a majority of the securities having by the terms thereof ordinary voting power to elect at least a majority of the board of directors with respect to such corporation, and (ii) with respect to a trust, a partnership or any Person other than a partnership, that a Person is empowered to administer and direct the business, management

or policies of such trust, partnership or Person, directly or indirectly, in any manner (including through one or more trusts or one or more corporations, partnerships or other Persons Controlled by such Person) or that a Person is entitled, directly or indirectly, to over thirty percent (30%) of the profits or a share of over thirty (30%) of the losses of such trust, partnership or Person.

(b) Novelis covenants, agrees and undertakes, for itself and each other member of Novelis Group, and it shall cause any such member, not to create, incur nor undergo a Change of Control Event during the Standstill Period.

(c) Novelis covenants, agrees and undertakes, for itself and each other member of Novelis Group and for their respective successors by way of acquisition, merger, amalgamation, consolidation or otherwise, that, if a Change of Control Event occurs during the Restricted Period, it shall provide to Alcan, no later than thirty (30) days following the occurrence of the Change of Control Event, (x) a written undertaking of the Third Party Acquirer (including, for greater certainty, the Third Party Acquirer's successors by way of acquisition, merger, amalgamation, consolidation or otherwise) that the Third Party Acquirer shall be bound by the restrictive covenants set forth in Section 14.03 during the Restricted Period or the remainder thereof, to the same extent as if the Third Party Acquirer (including, for greater certainty, the Third Party Acquirer's successors by way of acquisition, merger, amalgamation, consolidation or otherwise) had been a signatory thereto, and (y) the written undertaking of the Third Party Acquirer (1) to cause each of its Affiliates (including Novelis and Novelis's Affiliates) to deliver to Alcan a similar covenant to be bound by the restrictive covenants set forth in Section 14.03 during the Restricted Period or the remainder thereof and (2) to cause each of the Persons who thereafter at any time during the remainder of the Restricted Period becomes an Affiliate of the Third Party Acquirer, to deliver to Alcan within a 30-day period, undertakings similar to the ones set forth in subclauses (x) and (y) as if such Person were the Third Party Acquirer, the whole for the purpose of protecting the rights and interests of Alcan pursuant to this Agreement. The undertaking required by this Section 14.04(c) shall be substantially in the form attached hereto as EXHIBIT R (the "NON COMPETE UNDERTAKING").

(d) Novelis covenants, agrees and undertakes, that, in the event of the acquisition by any Person or group of Persons acting jointly or in concert, other than an Affiliate of such Person, by way of acquisition, merger, amalgamation, consolidation or otherwise, of Control of any Third Party Acquirer or of all or substantially all of the assets that were acquired in the Change of Control Event or any of the Designated Assets (the "NOVELIS COC ASSETS") during the Restricted Period, it shall cause any such Person or group of Persons to provide to Alcan, no later than thirty (30) days following the acquisition of Control of any such Third Party Acquirer or of substantially all of the Novelis COC Assets (which, for purposes of clarity, includes any of the Designated Assets) by any such Person or Persons, (x) a written undertaking of such Person or Persons that they (and their respective

successors, by way of acquisition, merger, amalgamation, consolidation or otherwise) (collectively or individually, "THIRD PARTY ACQUIRER CONTROLLER") shall be bound by the restrictive covenants set forth in Section 14.03 during the Restricted Period or the remainder thereof, to the same extent as if they had been signatories thereto, and (y) the written undertaking of the Third Party Acquirer Controller (1) to cause each of its Affiliates to deliver to Alcan a similar covenant to be bound by the restrictive covenants set forth in Section 14.03 during the Restricted Period or the remainder thereof and (2) to cause each of the Persons who thereafter at any time during the remainder of the Restricted Period becomes an Affiliate of the Third Party Acquirer Controller, to deliver to Alcan within a 30-day period, undertakings similar to the ones set forth in subclauses (x) and (y) as if any such Person were the Third Party Acquirer Controller, the whole for the purpose of protecting the rights and interest of Alcan pursuant to this Agreement. The undertaking required by this Section 14.04(d) shall be substantially in the form attached hereto as EXHIBIT R.

(e) If a Change of Control Event occurs at any time during the Standstill Period or the Restricted Period and (i) the Third Party Acquirer (or the Third Party Acquirer's successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) fails or refuses, for whatever reason or cause, to execute and deliver to Alcan the Non Compete Undertaking within the 30-day period provided for in Section 14.04(c), or (ii) the Third Party Acquirer (or the Third Party Acquirer's successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) executes and delivers to Alcan the Non Compete Undertaking within the said 30-day period but, at any time during the remainder of the Restricted Period, the Third Party Acquirer (or the Third Party Acquirer's successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) (including Novelis and Novelis's Affiliates, whether now an Affiliate or hereafter becoming an Affiliate) refuses, neglects or fails to comply with any of its obligations pursuant to the Non Compete Undertaking, or (iii) the Third Party Acquirer Controller, if any (or its successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) fails or refuses, for whatever reason or cause, to execute and deliver to Alcan the Non Compete Undertaking within the 30-day period provided for in Section 14.04(d), or the Third Party Acquirer Controller (or its successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) executes and delivers to Alcan the Non Compete Undertaking within the said 30-day period but, at any time during the remainder of the Restricted Period, the Third Party Acquirer Controller (or the Third Party Acquirer Controller's successors, as applicable, by way of acquisition, merger, amalgamation, consolidation or otherwise) or any of its Affiliates (whether now an Affiliate or hereafter becoming an Affiliate) refuses, neglects or fails to comply with any of its obligations pursuant to the Non Compete Undertaking (each, a "CHANGE OF CONTROL NON COMPETE BREACH"), then Alcan may, at its

option and without prejudice to any other recourse which may be available to Alcan under Applicable Law or in equity by reason of the occurrence of the foregoing, terminate any or all of the following, upon notice to Novelis, and the termination shall take effect immediately upon Alcan providing such notice to Novelis:

(i) any or all of the Metal Supply Agreements;

(ii) any or all of the intellectual property licenses granted or to be granted to Novelis or any other member of Novelis Group in the Intellectual Property Agreements;

(iii) the Transitional Services Agreement with respect to any one or more specific Services (and the corresponding Transition Service Schedules) provided by Alcan or any other member of Alcan Group or all of the Services provided by Alcan or any other member of Alcan Group under the Transitional Services Agreement; and

(iv) any or all of the Technical Services Agreements.

(f) Novelis understands and agrees that Alcan shall suffer irreparable and substantial harm in the event that Novelis breaches any of its obligations under this Section 14.04 and that monetary damages shall be inadequate to compensate for the breach. Accordingly, Novelis agrees that, in the event of a breach or threatened breach by Novelis of any of the provisions of this Section 14.04, Alcan, in addition to and not in limitation of any other rights, remedies or damages available to Alcan under Applicable Law or in equity, shall be entitled to equitable remedies, including provisional, interlocutory and permanent injunctive relief in order to prevent or to restrain any such breach by Novelis, or by any or all of Novelis' Group members, Affiliates, partners, co-venturers, employees, agents, representatives and any and all Persons directly or indirectly acting for, on behalf of or with Novelis.

(g) Novelis consents and agrees that any dispute, controversy or claim that may arise out of, or relate to, or arise under or in connection with this Section 14.04 or the Non Compete Undertaking, and involving a Third Party Acquirer, a Third Party Acquirer Controller (including, for greater certainty, the Third Party Acquirer' and the Third Party Acquirer Controller' respective successors by way of acquisition, merger, amalgamation, consolidation or otherwise), or an Affiliate (whether now an Affiliate or hereafter becoming an Affiliate) of the Third Party Acquirer or of the Third Party Acquirer Controller, shall be referred to and finally settled in a single, multi-party arbitration by three (3) arbitrators, as provided in and in accordance with the provision of, the Non Compete Undertaking.

(h) Novelis has carefully considered the nature and extent of the provisions set forth in this Section 14.04 and agrees that the same are reasonable in light of the circumstances as they exist on the date upon which this Agreement is executed, including, but not limited to, Alcan's and Novelis's material economic interest in

the transactions contemplated in this Agreement, and that the provisions set forth in this Section 14.04 are necessary to protect Alcan's legitimate interests. Novelis acknowledges (i) that Alcan would not have proceeded with the Arrangement had Novelis not agreed to the provisions set forth in this Section 14.04, and (ii) that Alcan would be irreparably damaged if Novelis were to breach the provisions set forth in this Section 14.04.

(i) Each of the provisions in this Section 14.04 shall be deemed to be separate and distinct and if, for any reason whatsoever, any of the provisions in this Section 14.04 are held null or unenforceable by the final determination of a court of competent jurisdiction and all appeals therefrom shall have failed or the time for such appeals shall have expired, such provision shall be deemed deleted from this Agreement without affecting the validity or enforceability of such provision in any other jurisdiction or any other provision hereof which shall remain in full force and effect.

ARTICLE XV-
TERMINATION

15.01 TERMINATION

This Agreement and all Ancillary Agreements may be terminated and the Arrangement may be amended, supplemented, modified or abandoned at any time prior to the Effective Date by and in the sole and absolute discretion of Alcan without the approval of Novelis or of the Alcan shareholders. In the event of such termination, no Party shall have any liability of any kind to the other Party or any other Person. After the Effective Date, this Agreement may not be terminated except by an agreement in writing signed by the Parties.

ARTICLE XVI-
MISCELLANEOUS

16.01 LIMITATION OF LIABILITY

In no event shall any member of Alcan Group or Novelis Group be liable to any member of the other Group for any special, consequential, indirect, collateral, incidental or punitive damages or lost profits or failure to realize expected savings or other commercial or economic loss of any kind, however caused and on any theory of liability, (including negligence) arising in any way out of this Agreement, whether or not such Person has been advised of the possibility of any such damages; provided, however, that the foregoing limitations shall not limit either Party's indemnification obligations for Liabilities with respect to Third-Party Claims as set forth in Article IX or either Party's Liabilities for the breach or failure to perform or comply with the covenants set forth in Sections 14.02, 14.03 and 14.04.

16.02 COUNTERPARTS

This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties thereto and delivered to the other party or parties.

16.03 ENTIRE AGREEMENT

This Agreement, the Ancillary Agreements, and the Schedules and Exhibits hereto and thereto and the specific agreements contemplated herein or thereby contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, oral or written, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein or therein.

16.04 CONSTRUCTION

In this Agreement and each of the Ancillary Agreements, unless a clear contrary intention appears:

(a) the singular number includes the plural number and vice versa;

(b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement or the relevant Ancillary Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(c) reference to any gender includes each other gender;

(d) reference to any agreement, document or instrument means such agreement, document or instrument as amended, modified, supplemented or restated, and in effect from time to time in accordance with the terms thereof subject to compliance with the requirements set forth herein or in the relevant Ancillary Agreement;

(e) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;

(f) "herein", "hereby", "hereunder", "hereof", "hereto" and words of similar import shall be deemed references to this Agreement or to the relevant Ancillary Agreement as a whole and not to any particular Article, Section or other provision hereof or thereof;

(g) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(h) the Table of Contents and headings are for convenience of reference only and shall not affect the construction or interpretation hereof or thereof;

(i) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; and

(j) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

16.05 SIGNATURES

Each Party acknowledges that it and the other Party (and the other members of their respective Groups) may execute certain of the Ancillary Agreements by facsimile, stamp or mechanical signature. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature made in its respective name (or that of the applicable member of its Group) as if it were a manual signature, agrees that it will not assert that any such signature is not adequate to bind such Party to the same extent as if it were signed manually and agrees that at the reasonable request of the other Party at any time it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof).

16.06 ASSIGNABILITY

Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the Parties hereto and thereto, respectively, and their respective successors and assigns; provided, however, that except as specifically provided in any Ancillary Agreement, no Party hereto or thereto may assign its respective rights or delegate its respective obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other parties hereto or thereto.

16.07 THIRD PARTY BENEFICIARIES

Except for the indemnification rights under this Agreement of any Alcan Indemnified Party or any Novelis Indemnified Party in their respective capacities as such and for the release under Section 9.01 of any Person provided therein and except as specifically provided in any Ancillary Agreement, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the parties hereto and thereto and their respective successors and permitted assigns and are not intended to confer upon any Person, except the parties hereto and thereto and their respective successors and permitted assigns, any rights or remedies hereunder and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement; and neither this Agreement nor any Ancillary Agreement shall provide any Third Party with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

16.08 PAYMENT TERMS

(a) Any amount to be paid or reimbursed by one Party to the other under this Agreement shall be paid or reimbursed hereunder within thirty (30) days after presentation of an invoice or a written demand therefor and setting forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount.

(b) Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within thirty (30) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to the Prime Rate plus 2%, calculated for the actual number of days elapsed, accrued from and excluding the date on which such payment was due up to and including the date of the actual receipt of payment.

For the purpose of the Interest Act (Canada) and disclosure thereunder, whenever interest to be paid hereunder is to be calculated on the basis of a year of 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either 360 or such other period of time, as the case may be.

16.09 GOVERNING LAW

This Agreement and, unless expressly provided therein, each Ancillary Agreement, shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

16.10 NOTICES

All notices or other communications under this Agreement and, unless expressly provided therein, each Ancillary Agreement, shall be in writing and shall be deemed to be duly given when delivered in person or successfully transmitted by facsimile, addressed as follows:

IF TO ALCAN, TO:

Alcan Inc.
1188 Sherbrooke Street West
Montreal, Quebec
H3A 3G2
Fax: 514-848-8115

Attention: Chief Legal Officer

IF TO NOVELIS, TO:

Novelis Inc.
Suite 3800
Royal Bank Plaza, South Tower
P.O. Box 84
200 Bay Street
Toronto, Ontario M5J 2Z4
Fax: 416-216-3930

Attention: Chief Executive Officer

Any Party may, by notice to the other Party as set forth herein, change the address or fax number to which such notices are to be given.

16.11 SEVERABILITY

If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby or thereby, as the case may be, is not affected in any manner adverse to any party hereto or thereto. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

16.12 PUBLICITY

Prior to the Effective Date, Alcan shall be responsible for issuing any press releases or otherwise making public statements with respect to the Reorganization, the Arrangement or any of the other transactions contemplated hereby and Novelis shall not make such statements without the prior written consent of Alcan. Prior to the Effective Date, Alcan and Novelis shall each consult with the other prior to making any filings with any Governmental Authority with respect thereto.

16.13 SURVIVAL OF COVENANTS

Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and liability for the breach of any representations, warranties or obligations contained herein or therein, shall survive the Reorganization and the Arrangement and shall remain in full force and effect.

16.14 WAIVERS OF DEFAULT

Waiver by any Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16.15 AMENDMENTS

No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

16.16 CONTROLLING DOCUMENTS

To the extent that the provisions of the Alumina Supply Agreement, Employee Matters Agreement, FoilStock Supply Agreement, Foil Supply Agreements, Foil Supply and Distribution Agreement, Intellectual Property Agreements, Metal Supply Agreements, Neuhausen Agreements, Ohle Agreement, Sierre Agreements, Tax Sharing and Disaffiliation Agreement, Technical Services Agreements or Transitional Services Agreement conflict with the provisions of this Agreement, the provisions of such other agreement shall govern.

16.17 LANGUAGE

The Parties confirm that it is their wish that this Agreement as well as all other documents, including communications relating hereto, have been and shall be drawn up in the English language only. Les parties aux presentes confirment leur volonte que cette convention de meme que tous les documents, y compris tout avis, s'y rattachant, soient rediges en anglais seulement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties have caused this Separation Agreement to be executed by their duly authorized representatives.

ALCAN INC.

By: /s/ David McAusland

Name: David McAusland
Title: Senior Vice President, Mergers and Acquisitions and Chief Legal Officer of Alcan Inc.

NOVELIS INC.

By: /s/ Brian Sturgell

Name: Brian Sturgell
Title: Chief Executive Officer of Novelis Inc.

LIST OF SCHEDULES

Schedule 1.01 -	Definitions
Schedule 1.01 - "PA"	Plan of Arrangement
Schedule 1.01 - "SB"	Separated Businesses
Schedule 1.01 - "NBS"	Novelis Balance Sheet
Schedule 1.01 - "SE"	Separated Entities
Schedule 2.04(a)	Separated Assets
Schedule 2.06(a)	Excluded Assets
Schedule 2.07(a)	Assumed Liabilities
Schedule 2.07(b)	Liabilities of Separated Entities
Schedule 2.07(c)	Retained Liabilities
Schedule 2.07(g)	Reorganization Documents
Schedule 3.01	Reorganization Transactions
Schedule 3.05(b)	Agreements Not Terminated
Schedule 3.06(q)	Ancillary Agreements
Schedule 3.10	Intercompany Accounts
Schedule 4.02	Actions to be taken prior to Effective Time
Schedule 9.08(a)	Litigation Transferred to Novelis
Schedule 9.08(b)	Litigation to be Defended by Alcan at Novelis's Expense

SCHEDULE 1.01 - DEFINITIONS

"2004 INTERNAL CONTROL AUDIT AND MANAGEMENT ASSESSMENTS" has the meaning set forth in Section 14.01(b).

"ACCOUNTS RECEIVABLE" means in respect of any Person, (a) all trade accounts and notes receivable and other rights to payment from customers and all security for such accounts or rights to payment, including all trade accounts receivable representing amounts receivable in respect of goods shipped or products sold or otherwise disposed of or services rendered to customers, (b) all other accounts and notes receivable and all security for such accounts or notes, and (c) any claim, remedy or other right relating to any of the foregoing.

"ACTION" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by any Person or any Governmental Authority or before any Governmental Authority or any arbitration or mediation tribunal.

"AEROSPACE INDUSTRY" means the production of aircraft, spacecraft and satellites and similar craft for manned or unmanned flight.

"AEROSPACE PRODUCTS" means any product destined or intended for use in, or principally related to, the Aerospace Industry.

"AEROSPACE PRODUCTS BUSINESS" means any business engaged, in whole or in part, in the manufacturing, production, marketing or sale of one or more Aerospace Products.

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise, and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" means this Separation Agreement, including all of the Schedules and Exhibits hereto.

"ALCAN" means Alcan Inc., a corporation organized under the CBCA.

"ALCAN BOARD" means the board of directors of Alcan.

"ALCAN BUSINESSES" means the Separated Businesses and the Remaining Alcan Businesses.

"ALCAN CLAIMS" has the meaning set forth in Section 9.01(b).

"ALCAN CLASS A COMMON SHARES" or "NEW ALCAN COMMON SHARES" means the class A common shares of Alcan which Alcan will be authorized to issue upon the Arrangement becoming effective and which are to be issued under the Arrangement to Alcan Common Shareholders in exchange, in part, for Alcan Common Shares, and to be redesignated as Alcan common shares once the current Alcan Common Shares have been deleted from the share capital of Alcan;

"ALCAN COMMON SHAREHOLDERS" means the holders of Alcan Common Shares.

"ALCAN COMMON SHARES" means the voting common shares of Alcan.

"ALCAN GROUP" means Alcan and its Subsidiaries, whether held directly or indirectly; for greater certainty, (i) prior to the Effective Time, "Alcan Group" includes Arcustarget Group, (ii) on and after the Effective Time, "Alcan Group" excludes Arcustarget Group, and (iii) in all circumstances "Alcan Group" excludes Novelis.

"ALCAN INDEMNIFIED PARTIES" has the meaning set forth in Section 9.02.

"ALCAN MEETING" means the special meeting of Alcan Shareholders held on December 22, 2004 to consider the Plan of Arrangement, and any adjournment or postponement thereof.

"ALCAN PARTIES" has the meaning set forth in Section 9.01(a).

"ALCAN PREFERENCE SHAREHOLDERS" means the holders of Alcan Preference Shares.

"ALCAN PREFERENCE SHARES" means the Alcan Series C Preference Shares and the Alcan Series E Preference Shares of Alcan.

"ALCAN PROXY CIRCULAR" means the management proxy circular of Alcan dated November 23, 2004 sent to Alcan Shareholders in connection with the Alcan Meeting.

"ALCAN RELEASORS" has the meaning set forth in Section 9.01(b).

"ALCAN'S AUDITORS" has the meaning set forth in Section 14.01(a).

"ALCAN SHAREHOLDERS" means, collectively, the Alcan Common Shareholders and the Alcan Preference Shareholders.

"ALCAN SPECIAL SHARES" means the non-voting, redeemable, retractable, special shares of Alcan which Alcan will be authorized to issue upon the Arrangement becoming effective and which are to be issued pursuant to the Arrangement to Alcan Common Shareholders in exchange, in part, for Alcan Common Shares.

"ALUMINA SUPPLY AGREEMENT" means, individually or collectively, the Alumina Supply Agreements substantially in the forms attached as EXHIBIT A.

"ANCILLARY AGREEMENTS" has the meaning set forth in Section 3.06.

"APPLICABLE LAW" means any applicable law, statute, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"APPURTENANCES" means, in respect of any Land, all privileges, rights, easements, servitudes, hereditaments and appurtenances and similar interests belonging to or for the benefit of such Land, including all easements and servitudes appurtenant to and for the benefit of any Land (a "Dominant Parcel") for, and as the primary means of, access between, the Dominant Parcel and a public way, or for any other use upon which lawful use of the Dominant Parcel for the purposes for which it is presently being used is dependent, and all rights existing in and to any streets, alleys, passages and other rights-of-way included therein or adjacent thereto.

"ARCUSTARGET" means Arcustarget Inc., a wholly-owned subsidiary of Alcan incorporated under the CBCA and designated by Alcan to own the Separated Businesses on the Effective Date prior to its amalgamation to Novelis pursuant to the Plan of Arrangement.

"ARCUSTARGET COMMON SHARES" means the voting common shares of Arcustarget to be transferred by Alcan to Novelis in exchange for Novelis Special Shares pursuant to the Plan of Arrangement.

"ARCUSTARGET GROUP" means Arcustarget and its Subsidiaries, whether held directly or indirectly.

"ARRANGEMENT" means the proposed arrangement under the provisions of section 192 of the CBCA on, and subject to, the terms and conditions set forth in the Plan of Arrangement.

"ARRANGEMENT RESOLUTION" means the plan of arrangement resolution, the text of which is set out as a schedule to the Alcan Proxy Circular.

"ASSET-RELATED CLAIMS" means, in respect of any Asset, all claims of the owner against Third Parties relating to such Asset, whether choate or inchoate, known or unknown, absolute or contingent, disclosed or non-disclosed.

"ASSETS" means assets, properties and rights (including goodwill), wherever located (including in the possession of owners or Third Parties or elsewhere), whether real, personal or mixed, tangible or intangible, movable or immovable, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of a Person, including the following:

(a) Real Property;
(b) Tangible Personal Property;
(c) Inventories;
(d) Accounts Receivable;
(e) Contractual Assets;
(f) Governmental Authorizations;
(g) Business Records;
(h) Intangible Property Rights;
(i) Insurance Benefits;
(j) Asset-Related Claims; and
(k) Deposit Rights.

"ASSUMED LIABILITIES" has the meaning set forth in Section 2.07.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the City of Montreal (Canada) or in the City of New York (United States) is a legal holiday or (ii) a day on which banks are authorized by Applicable Law to close in the City of Montreal (Canada) or in the City of New York (United States).

"BUSINESS RECORDS" means, in respect of any Person, all data and Records relating to such Person, including client and customer lists and Records, referral sources, research and development reports and Records, cost information, sales and pricing data, customer prospect lists, customer and vendor data, production reports and Records, service and warranty Records, equipment logs, operating guides and manuals, financial and accounting Records, personnel Records (subject to Applicable Law), creative materials, advertising materials, promotional materials, studies, reports, correspondence and other similar documents and records.

"BY-LAWS" means the By-laws of Novelis, substantially in the form attached hereto as EXHIBIT B.

"CBCA" means the Canada Business Corporations Act.

"CERTIFICATE OF INCORPORATION" means the Certificate of Incorporation of Novelis in the form attached hereto as EXHIBIT C.

"CHANGE OF CONTROL EVENT" has the meaning set forth in Section 14.04(a).

"CHANGE OF CONTROL NON COMPETE BREACH" has the meaning set forth in Section 14.04(e).

"CLAIM NOTICE" has the meaning set forth in Section 9.04(b).

"CONFIDENTIAL INFORMATION" has the meaning set forth in Section 11.07(a).

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"CONTRACT" means any contract, agreement, lease, purchase and/or commitment, license, consensual obligation, promise or undertaking (whether written or oral and whether express or implied) that is legally binding on any Person or any part of its property under Applicable Law, including all claims or rights against any Person, choses in action and similar rights, whether accrued or contingent with respect to any such contract, agreement, lease, purchase and/or commitment, license, consensual obligation, promise or undertaking, but excluding this Agreement and any Ancillary Agreement save as otherwise expressly provided in this Agreement or in any Ancillary Agreement.

"CONTRACTUAL ASSET" means, in respect of any Person, any Contract of, or relating to, such Person, any outstanding offer or solicitation made by, or to, such Person to enter into any Contract, and any promise or undertaking made by any other Person to such Person, whether or not legally binding.

"CONTROL" has the meaning set forth in Section 14.04(a).

"COURT" means the Quebec Superior Court.

"CRA" means the Canada Revenue Agency.

"DEFERRED BENEFICIARY" has the meaning set forth in Section 5.01(b).

"DEFERRED EXCLUDED ASSET" has the meaning set forth in Section 5.01(a).

"DEFERRED SEPARATED ASSET" has the meaning set forth in Section 5.01(a).

"DEFERRED TRANSACTIONS" has the meaning set forth in Section 13.01(a).

"DEFERRED TRANSFER ASSET" has the meaning set forth in Section 5.01(a).

"DEPOSIT RIGHTS" means rights relating to deposits and prepaid expenses, claims for refunds and rights of set-off in respect thereof.

"DESIGNATED ASSETS" means any of Novelis' rolling facilities at Oswego, New York, Logan, Kentucky, Norf, Germany, Ulsan, Korea, Yeongju, Korea or Pindamonhangaba, Brazil.

"DISCLOSING PARTY" has the meaning set forth in Section 11.08.

"DISPUTE" has the meaning set forth in Section 12.01.

"DISTRIBUTION" means the pro rate distribution of New Alcan Common Shares and Novelis Common Shares to Alcan Common Shareholders, as contemplated in the Plan of Arrangement.

"EFFECTIVE DATE" means the effective date of the Arrangement, being the date shown on the certificate of arrangement issued by the director under the CBCA giving effect to the Arrangement, which date the Parties currently expect to be January 6, 2005.

"EFFECTIVE TIME" means 12:00:01 a.m. E.S.T. on the Effective Date.

"EHS LIABILITIES" means any Liability arising from or under any Environmental Law or Occupational Health and Safety Law.

"EMPLOYEE MATTERS AGREEMENT" means the Employee Matters Agreement substantially in the form attached hereto as EXHIBIT D.

"ENCUMBRANCE" means, with respect to any asset, mortgages, liens, hypothecs, pledges, charges, security interests or encumbrances of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under Applicable Law.

"ENERGY AGREEMENT" means the Energy Agreement substantially in the form attached hereto as EXHIBIT E.

"ENVIRONMENTAL LAW" means any Applicable Law from any Governmental Authority (A) relating to the protection of the environment (including air, water, soil and natural resources) or (B) the use, storage, handling, release or disposal of Hazardous Substances.

"ESCALATION NOTICE" has the meaning set forth in Section 12.02.

"EXCHANGE ACT" means the United States Securities Exchange Act of 1934.

"EXCLUDED ASSETS" has the meaning set forth in Section 2.06(a).

"FINAL ORDER" means the final order of the Court made in connection with the approval of the Arrangement and the fairness of the terms and conditions thereof.

"FOILSTOCK SUPPLY AGREEMENT" means, individually or collectively, the Foilstock Supply Agreements substantially in the forms attached as EXHIBIT F.

"FOIL SUPPLY AGREEMENT" means, individually or collectively, the Foil Supply Agreements substantially in the forms attached as EXHIBIT G.

"FOIL SUPPLY AND DISTRIBUTION AGREEMENT" means the Foil Supply and Distribution Agreement substantially in the form attached as EXHIBIT H.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.

"GROUND LEASE" means any long-term lease (including any emphyteotic lease) of Land in which most of the rights and benefits comprising ownership of the Land and the Improvements thereon or to be constructed thereon, if any, and the Appurtenances thereto for the benefit thereof, are transferred to the tenant for the term thereof.

"GROUND LEASE PROPERTY" means, in respect of any Person, any Land, Improvement or Appurtenance of such Person that is subject to a Ground Lease.

"GROUP" means Alcan Group or Novelis Group, as the context requires.

"HAZARDOUS SUBSTANCE" means any substance to the extent presently listed, defined, designated or classified as hazardous, toxic or radioactive under any applicable Environmental Law, including petroleum and any derivative or by-products thereof.

"IMPROVEMENTS" means, in respect of any Land, all buildings, structures, plants, fixtures and improvements located on such Land, including those under construction.

"INDEMNIFIED PARTY" has the meaning set forth in Section 9.04(a).

"INDEMNIFYING PARTY" has the meaning set forth in Section 9.04(b).

"INFORMATION" means any information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, test procedures, research, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, manufacturing

techniques, manufacturing variables, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, products, product plans, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer information, customer services, supplier information, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

"INSURANCE BENEFITS" means, in respect of any Asset or Liability, all insurance benefits, including rights to Insurance Proceeds, arising from or relating to such Asset or Liability.

"INSURANCE PROCEEDS" means those monies (in each case net of any costs or expenses incurred in the collection thereof and net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments)):

(a) received by an insured from an insurance carrier; or

(b) paid by an insurance carrier on behalf of the insured.

"INTANGIBLE PROPERTY RIGHTS" means, in respect of any Person, all intangible rights and property of such Person, including IT Assets, going concern value and goodwill.

"INTELLECTUAL PROPERTY AGREEMENT" means, individually or collectively, the Intellectual Property Agreements substantially in the forms attached hereto as EXHIBIT I.

"INTERCOMPANY ACCOUNTS" has the meaning set forth in Section 3.10.

"INTERIM ORDER" means the interim order of the Court dated November 22, 2004 in connection with the approval of the Arrangement providing for, among other things, the holding of the Alcan Meeting, as the same may be amended, supplemented or varied by the Court.

"INTERNAL REVENUE CODE" means the United States Internal Revenue Code of 1986.

"INVENTORIES" means, in respect of any Person, all inventories of such Person wherever located, including all finished goods, (whether or not held at any location or facility of such Person or in transit to or from such Person), work in process, raw materials, spare parts and all other materials and supplies to be used or consumed by the Person in production of finished goods.

"IRS" means the United States Internal Revenue Service.

"IT ASSETS" means computers, computer software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, all other information technology equipments and all associated documentation.

"JOINT PROCUREMENT OF GOODS AND SERVICES PROTOCOL" means the Joint Procurement of Goods and Services Protocol substantially in the form attached as EXHIBIT J.

"LAND" means, in respect of any Person, all parcels and tracts of land in which the Person has an ownership interest.

"LIABILITY" means, with respect to any Person, any and all losses, claims, charges, debts, demands, actions, causes of action, suits, damages, obligations, payments, costs and expenses, sums of money, accounts, reckonings, bonds, specialties, indemnities and similar obligations, exoneration covenants, contracts, controversies, agreements, promises, doings, omissions, variances, guarantees, make whole agreements and similar obligations, and other liabilities and requirements, including all contractual obligations, whether absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, joint or several, whenever arising, and including those arising under any Applicable Law, Action, threatened or contemplated Action (including the costs and expenses of demands, assessments, judgments, settlements and compromises relating thereto and attorneys' fees and any and all costs and expenses, whatsoever reasonably incurred in investigating, preparing or defending against any such Actions or threatened or contemplated Actions) or Order of any Governmental Authority or any award of any arbitrator or mediator of any kind, and those arising under any contract, commitment or undertaking, in each case, whether or not recorded or reflected or otherwise disclosed or required to be recorded or reflected or otherwise disclosed, on the books and records or financial statements of any Person, including any Specified Financial Liability, EHS Liability or Liability for Taxes.

"MEDIATION NOTICE" has the meaning set forth in Section 12.03(a).

"METAL SUPPLY AGREEMENT" means, individually or collectively, the Metal Supply Agreements substantially in the forms attached as EXHIBIT K.

"NEUHAUSEN AGREEMENT" means, individually or collectively, the agreements substantially in the forms attached as EXHIBIT L.

"NON COMPETE BREACH" has the meaning set forth in Section 14.03(b).

"NON COMPETE UNDERTAKING" has the meaning set forth in Section 14.04(c).

"NOTICE PERIOD" has the meaning set forth in Section 9.04(b).

"NOVELIS" means Novelis Inc., a corporation incorporated under the CBCA formed to acquire under the Arrangement and independently carry on most of the aluminum rolled products businesses operated by Alcan.

"NOVELIS ANNUAL REPORT" has the meaning set forth in Section 14.01(d).

"NOVELIS BALANCE SHEET" means the audited combined balance sheet of "the Novelis Group", including the notes thereto, as of September 30, 2004, substantially in the form attached as SCHEDULE 1.01 - "NBS".

"NOVELIS CLAIMS" has the meaning set forth in Section 9.01(a).

"NOVELIS COC ASSETS" has the meaning set forth in Section 14.04(d).

"NOVELIS COMMON SHARES" means the voting common shares of Novelis to be issued to holders of Alcan Special Shares under the Arrangement in exchange for such Alcan Special Shares.

"NOVELIS GROUP" means Novelis and its Subsidiaries, whether held directly or indirectly; for greater certainty, (i) prior to the Effective Time, "Novelis Group" excludes Arcustarget Group, and (ii) on and after the Effective Time, "Novelis Group" includes Arcustarget Group.

"NOVELIS INDEMNIFIED PARTIES" has the meaning set forth in Section 9.03.

"NOVELIS OPENING BALANCE SHEET" has the meaning set forth in Section 2.04(e).

"NOVELIS PARTIES" has the meaning set forth in Section 9.01(b).

"NOVELIS RELEASORS" has the meaning set forth in Section 9.01(a).

"NOVELIS SPECIAL SHARES" means the non-voting redeemable, retractable, special shares, Series 1, of Novelis which Novelis will be authorized to issue upon the Arrangement becoming effective and which are to be issued by Novelis to Alcan in consideration for the transfer by Alcan to Novelis of the Arcustarget Common Shares, as contemplated by the Plan of Arrangement.

"NOVELIS'S AUDITORS" has the meaning set forth in Section 14.01(a).

"OCCUPATIONAL HEALTH AND SAFETY LAW" means any Applicable Law designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, and any program, whether governmental or private (such as those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

"OHLE AGREEMENT" means the Agreement substantially in the form attached as EXHIBIT M.

"ORDER" means any order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Authority or arbitrator.

"ORDINARY COURSE OF BUSINESS" means any action taken by a Person that is in the ordinary course of the normal, day-to-day operations of such Person and is consistent with the past practices of such Person.

"PARTIES" means the parties to this Agreement and, in the singular, means either of them.

"PERSON" means any individual, Business Concern or Governmental Authority.

"PLAN OF ARRANGEMENT" means the plan of arrangement set out as SCHEDULE 1.01 - "PA", as the same may be amended from time to time.

"PLATE BUSINESS" means any business engaged, in whole or in part, in the manufacturing, production, marketing or sale of Plate Products.

"PLATE PRODUCT" means any rolled and/or cast aluminum products having a thickness greater than 6.5 millimeters in the case of cast aluminum or 12 millimeters in the case of rolled aluminum, and that is not intended for further rolling (reroll) to a gauge of 6.5 millimeters or less.

"POTENTIAL CONTRIBUTOR" has the meaning set forth in Section 9.05(a).

"PRIME RATE" means the floating rate of interest established from time to time by the Royal Bank of Canada (the "BANK") as the reference rate of interest the Bank will use to determine rates of interest payable by its borrowers on [US] dollar commercial loans made by the Bank to such borrowers [IN CANADA] and designated by the Bank as its "prime rate" and which shall change from time to time as changed by the Bank.

"PROSPECTUS" means the amended preliminary non-offering prospectus filed with the securities regulatory authorities in each of the provinces and territories of Canada on November 23, 2004, and included as exhibit 99.1 of the Registration Statement, together with all amendments or supplements thereto.

"PROVINCIAL REVENUE AUTHORITY" means the applicable department or other division of the provincial government of any relevant Canadian province that is charged with the responsibility for the administration of provincial taxation statutes.

"REAL PROPERTY" means any Land and Improvements and all Appurtenances thereto and any Ground Lease Property.

"RECORD" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"REGISTRATION STATEMENT" means the registration statement on Form 10, file number 001-32312, filed with the SEC under the Exchange Act, together with all amendments or supplements thereto.

"REGULATION S-K" means Regulation S-K of the General Rules and Regulations promulgated by the SEC pursuant to the Securities Act.

"REMAINING ALCAN BUSINESSES" means all Alcan Businesses other than the Separated Businesses.

"REMAINING ALCAN ENTITY" means any Business Concern that is a member of Alcan Group on and after the Effective Time.

"REORGANIZATION" means the measures described in Article III, including the Reorganization Transactions.

"REORGANIZATION DATE" means, unless otherwise indicated on the final closing agenda relating to the Reorganization and the Arrangement, December 31, 2004, or such earlier or later date as the Alcan Board may determine as the date by which all of the Reorganization Transactions (other than non-material transactions the performance of which shall have been waived by Alcan, with or without conditions) shall have been completed.

"REORGANIZATION DOCUMENTS" means the agreements described on SCHEDULE 2.07(g) of this Agreement and, in the singular, means any one of them.

"REORGANIZATION TIME" means, unless otherwise indicated on the final closing agenda relating to the Reorganization and the Arrangement, 11:59:59 p.m. E.S.T. on the Reorganization Date.

"REORGANIZATION TRANSACTIONS" means the transactions described on SCHEDULE 3.01 of this Agreement and, in the singular, means any one of them.

"REPRESENTATIVES" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants or attorneys.

"REQUESTING PARTY" has the meaning set forth in Section 11.01.

"RESTRICTED PERIOD" means the period of four (4) years commencing immediately after the expiry of the Standstill Period.

"RETAINED LIABILITIES" has the meaning set forth in Section 2.07.

"RETAINING PERSON" has the meaning set forth in Section 5.01(b).

"ROLLED PRODUCTS BUSINESS" means the businesses and operations relating to the manufacturing, production, research, development, marketing and sale of aluminum sheet, light gauge products, automotive, can and lithographic sheet, plate and foil stock, that will be owned by Novelis or any other member of Novelis Group as of the Effective Time or that was but is no longer conducted by Alcan or any other member of Alcan Group both as owned and operated by Novelis or any other member of Novelis Group and as owned and operated by Alcan or any other member of Alcan Group at any time prior to the Effective Time whether or not still conducted at the date of this Agreement; provided, however, that in no event shall "Rolled Products Business" include any business operated by Alcan Group following the Effective Time.

"RULINGS APPLICATIONS" means all the applications for an advance tax ruling or letter submissions made to the CRA, any Provincial Revenue Authority or the IRS concerning the subject matter hereof (including, for greater certainty, any aspect of the Plan of Arrangement) prior to the date of this Agreement, and all such letter submissions made on or after the date hereof and prior to the Effective Date.

"SECURITIES ACT" means the United States Securities Act of 1933.

"SEC" means the United States Securities and Exchange Commission.

"SEPARATED ASSETS" has the meaning set forth in Section 2.04.

"SEPARATED BUSINESSES" means those Alcan Businesses specifically identified on SCHEDULE 1.01 - "SB" and, in the singular, means any one of them.

"SEPARATED ENTITIES" means those Business Concerns forming part of Alcan Group which are identified on SCHEDULE 1.01 - "SE" and which (i) on and after the Reorganization Time form part of Arcustarget Group, and (ii) on and after the Effective Time form part of Novelis Group.

"SEPARATION" means the multi-step process by which the Separated Businesses shall be transferred, directly or indirectly, from Alcan to Novelis and includes the Reorganization and the Arrangement.

"SERVICES" has the meaning ascribed thereto in the Transitional Services Agreement.

"SIERRE AGREEMENT" means the Sierre Master Agreement, including all individual agreements referred to therein as forming part thereof, substantially in the form attached hereto as EXHIBIT N.

"SPECIFIED FINANCIAL LIABILITIES" or "SFLS" mean, in respect of any Person, all liabilities, obligations, contingencies, instruments and other Liabilities of a financial nature with Third Parties of, or relating to, such Person, including any of the following:

(a) foreign exchange contracts;
(b) letters of credit;
(c) guarantees of Third-Party loans;
(d) surety bonds (excluding surety for workers' compensation self-insurance);
(e) interest support agreements on Third Party loans;
(f) performance bonds or guarantees issued by Third Parties;
(g) swaps or other derivatives contracts;
(h) recourse arrangements on the sale of receivables or notes; and
(i) indemnities for damages for any breach of, or any inaccuracy in, any representation or warranty or any breach of, or failure to perform or comply with, any covenant, undertaking or obligation.

"STANDSTILL PERIOD" means a period of twelve (12) months commencing on the Effective Date.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person.

"TANGIBLE PERSONAL PROPERTY" means, in respect of any Person, all machinery, equipment, tools, furniture, office equipment, supplies, materials, vehicles and other items of tangible personal or movable property (other than Inventories and IT Assets) of every kind and wherever located that are owned or leased by the Person, together with any express or implied warranty by the manufacturers, sellers or lessors of any item or component part thereof and all maintenance Records and other documents relating thereto.

"TARGETED ENTITY" has the meaning set forth in Section 14.04(a).

"TAX" means any income, profit, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital, capital stock, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, goods and service, transfer, value added, alternative, add-on, minimum and other tax, fee, assessment, levy, tariff, charge, contribution to any governmental plan, or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any Governmental Authority or payable under any tax-sharing agreement or any other Contract.

"TAX ACT" means the Income Tax Act (Canada).

"TAX RULINGS" means the advance income tax ruling and opinions received by Alcan from the CRA dated December 15, 2004 and December 23, 2004, and any similar advance income tax rulings received by Alcan from a Provincial Revenue Authority or the IRS, and any amendments thereto, confirming the Canadian federal income tax consequences of certain aspects of the Arrangement and certain other transactions.

"TAX SHARING AND DISAFFILIATION AGREEMENT" means the Tax Sharing and Disaffiliation Agreement substantially in the form attached hereto as EXHIBIT O.

"TECHNICAL SERVICES AGREEMENT" means, individually or collectively, the Technical Services Agreements substantially in the forms attached hereto as EXHIBIT P.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member of Alcan Group or a member of Novelis Group and that is not an Affiliate thereof.

"THIRD PARTY ACQUIRER" has the meaning set forth in Section 14.04(a).

"THIRD PARTY ACQUIRER CONTROLLER" has the meaning set forth in Section 14.04(d).

"THIRD PARTY CLAIM" has the meaning set forth in Section 9.04(b).

"THIRD PARTY CONSENT" has the meaning set forth in Section 2.09.

"TRANSFER IMPEDIMENT" has the meaning set forth in Section 5.01(a).

"TRANSITION SERVICE SCHEDULE" has the meaning set forth in the Transitional Services Agreement.

"TRANSITIONAL SERVICES AGREEMENT" means the Transitional Services Agreement substantially in the form attached hereto as EXHIBIT Q.

"UNITED STATES" means the United States of America.

"UNRELEASED LIABILITIES" has the meaning set forth in Section 5.02.

"UNRELEASED PERSON" has the meaning set forth in Section 5.02.

LIST OF EXHIBITS

Exhibit A	Alumina Supply Agreement
Exhibit B	By-laws of Novelis
Exhibit C	Certificate of incorporation of Novelis
Exhibit D	Employee Matters Agreement
Exhibit E	Energy Agreement
Exhibit F	FoilStock Supply Agreement
Exhibit G	Foil Supply Agreements
Exhibit H	Foil Supply and Distribution Agreement
Exhibit I	Intellectual Property Agreements
Exhibit J	Joint Procurement of Goods and Services Protocol
Exhibit K	Metal Supply Agreements
Exhibit L	Neuhausen Agreements
Exhibit M	Ohle Agreement
Exhibit N	Sierre Agreements
Exhibit O	Tax Sharing and Disaffiliation Agreement
Exhibit P	Technical Services Agreements
Exhibit Q	Transitional Services Agreement
Exhibit R	Non Compete Undertaking

EXECUTION COPY

(METAL SUPPLY AGREEMENT #1
REMELT ALUMINUM INGOT)

EXHIBIT 10.2

METAL SUPPLY AGREEMENT

between

NOVELIS INC.

(as Purchaser)

and

ALCAN INC.

(as Supplier)

FOR THE SUPPLY OF REMELT ALUMINUM INGOT

DATED JANUARY 5, 2005, WITH EFFECT AS OF THE EFFECTIVE DATE

TABLE OF CONTENTS

SCHEDULES

METAL SUPPLY AGREEMENT

THIS AGREEMENT entered into in the City of Montreal, Province of Quebec, is dated January _____, 2005, with effect as of the Effective Date.

BETWEEN: NOVELIS INC., a corporation incorporated under the Canada Business Corporations Act ("NOVELIS" or the "PURCHASER");

AND: ALCAN INC., a corporation organized under the Canada Business Corporations Act ("ALCAN" or the "SUPPLIER").

RECITALS:

WHEREAS Alcan and Novelis have entered into a Separation Agreement pursuant to which they set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined therein), such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS the Supplier wishes to supply, and the Purchaser wishes to purchase, subject to the terms and conditions of this Agreement, Aluminum (as defined below) required by the Purchaser at the Delivery Sites (as defined below).

WHEREAS the Parties have entered into this Agreement in order to set forth such terms and conditions.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

For the purposes of this Agreement, the following terms and expressions and variations thereof shall, unless another meaning is clearly required in the context, have the meanings specified or referred to in this Section 1.1:

"AFFECTED PARTY" has the meaning set forth in Section 3.1.

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether

through the ownership of voting securities or other interests, by contract or otherwise and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREED DISCOUNT" means $7 (or such other amount as may be notified by the Supplier to the Purchaser in writing 3 months prior to the application of such other amount) per Tonne of Aluminum supplied from the Supplier's Allouette smelter to the Purchaser's Saguenay Works facility.

"AGREEMENT" means this Metal Supply Agreement, including all of the Schedules hereto.

"ALCAN" means Alcan Inc.

"ALCAN GROUP" means Alcan and its Subsidiaries from time to time on and after the Effective Date.

"ALUMINUM" means aluminum metal conforming to the Specifications set forth in SCHEDULE 2, produced at the Supplier Facilities.

"ALUMINUM PRICE" for any calendar month means the arithmetic average of the midwest transaction prices for primary high grade aluminum as published in Metals Week on each day during the calendar month preceding such calendar month or as otherwise determined pursuant to Section 2.6(b), less *** of the Three Month LME Price for such calendar month, less the Agreed Discount (if applicable).

"APPLICABLE LAW" means any applicable law, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"BILL OF LADING DATE" means the date of the bill of lading representing Aluminum cargo to be delivered under this Agreement.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the City of Montreal (Canada) or in the City of New York (United States), is a legal holiday, or (ii) a day on which banks are authorized by Applicable Law to close in the city of Montreal (Canada) or in the city of New York (United States).

"COMMERCIALLY REASONABLE EFFORTS" means the efforts that a reasonable and prudent Person desirous of achieving a business result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible in the context of commercial

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

relations of the type contemplated in this Agreement; provided, however, that an obligation to use Commercially Reasonable Efforts under this Agreement does not require the Person subject to that obligation to assume any material obligations or pay any material amounts to a Third Party or take actions that would reduce the benefits intended to be obtained by such Person under this Agreement.

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"CONTRACT TONNAGE" has the meaning set out in Section 2.3(c).

"CONTRACT YEAR" means (a) initially the period commencing on the Effective Date and ending on the last day of the calendar year in which the Effective Date occurs (such initial period being "CONTRACT YEAR 1") and (b) thereafter, each successive period consisting of twelve calendar months (the first such period being "CONTRACT YEAR 2"), provided that the final Contract Year shall end on the last day of the Term.

"CPT" means, to the extent not inconsistent with the provisions of this Agreement, CPT as defined in Incoterms 2000, published by the ICC, Paris, France, as amended from time to time.

"DEFAULT INTEREST RATE" means the rate of interest charged by the Supplier from time to time on late payments in accordance with Supplier's normal commercial practice as indicated on invoices issued by Supplier to Purchaser hereunder.

"DEFAULTING PARTY" has the meaning set forth in Section 6.

"DELIVERY SITE" means any of the following facilities of the Purchaser as specified, in respect of each shipment of Aluminum, in the Monthly Requirement Schedule provided by the Purchaser hereunder:

(a) Logan Aluminum, Russelville, Kentucky;

(b) Oswego Plant, Oswego, New York;

(c) Berea Plant, Berea, Kentucky;

(d) Greensboro Plant, Greensboro, Georgia;

(e) Scepter Aluminum, New Johnsville, Tennessee;

(f) Saguenay Works Facility, located at 2040 Fay Street, Jonquiere, Quebec, Canada; and

(g) such other facilities of the Purchaser as may be agreed to by the Parties in writing.

"DISPUTES" has the meaning set forth in Section 9.1.

"DOLLARS" or "$" means the lawful currency of the United States of America.

"EFFECTIVE DATE" means the "Effective Date" as defined in the Separation Agreement.

"EVENT OF DEFAULT" has the meaning set forth in Section 6.

"FORCE MAJEURE" has the meaning set forth in Section 3.2.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.

"ICC" means the International Chamber of Commerce.

"INCOTERMS 2000" means the set of international rules updated in the year 2000 for the interpretation of the most commonly used trade terms for foreign trade, as published by the ICC.

"LIABILITIES" has the meaning set forth in the Separation Agreement.

"LME" means the London Metal Exchange.

"METAL REQUIREMENT SCHEDULES" means the Monthly Requirement Schedule.

"MONTHLY REQUIREMENT SCHEDULE" has the meaning set forth in Section 2.4(a).

"NOVELIS" means Novelis Inc.

"NOVELIS GROUP" means Novelis Inc. and its Subsidiaries from time to time on and after the Effective Date.

"PARTY" means each of the Purchaser and the Supplier as a party to this Agreement and "PARTIES" means both of them.

"PERSON" means any individual, Business Concern or Governmental Authority.

"PURCHASER" has the meaning set forth in the Preamble to this Agreement.

"SALES TAXES" means any sales, use, consumption, goods and services, value added or similar tax, duty or charge imposed by a Governmental Authority pursuant to Applicable Law.

"SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.

"SPECIFICATIONS" means specifications for Aluminum as set out in SCHEDULE 2, as such Schedule may be amended from time to time by agreement of the Parties.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person.

"SUPPLIER" has the meaning set forth in the Preamble to this Agreement.

"SUPPLIER FACILITIES" means smelters owned by the Supplier or any other smelters that produce LME registered brand aluminum (other than smelters located in India, Egypt or Iran).

"TERM" has the meaning set forth in Section 5.2.

"TERMINATING PARTY" has the meaning set forth in Section 6.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member or an Affiliate of Alcan Group or a member or an Affiliate of Novelis Group.

"THIRD PARTY CLAIM" has the meaning set forth in the Separation Agreement.

"THREE MONTH LME PRICE" for any calendar month means the arithmetic average LME 3-Month sellers price for primary high grade aluminum, as published in Metal Bulletin on each day during the calendar month preceding such calendar month, or as otherwise determined pursuant to Section 2.6(b). As an example, the Three Month LME Price for the month of April will be based on aluminum prices published during the month of March.

"TONNE" means 1,000 kilograms.

1.2 CURRENCY

All references to currency herein are to Dollars unless otherwise specified.

1.3 VIENNA CONVENTION

The Parties agree that the terms of the United Nations Convention (Vienna Convention) on Contracts for the International Sale of Goods (1980) shall not apply to this Agreement or the obligations of the Parties hereunder.

2. ALUMINUM

2.1 SUPPLY AND SALE BY THE SUPPLIER

(a) Subject to the terms and conditions of this Agreement, beginning on the Effective Date and continuing throughout the Term of this Agreement, the Supplier shall supply and sell to the Purchaser "CPT the applicable Delivery Site" the quantities of Aluminum set out in the Monthly Requirement Schedules, subject to Section 2.4(b) and provided that such quantities are equal, in each Contract Year, to the Contract Tonnage for such Contract Year.

(b) The Supplier shall supply Aluminum from a Supplier Facility of the Supplier's choosing or from such other sources and locations as may be agreed by the Parties. The Supplier shall consider supplying, but shall not be obligated to supply, Aluminum to the Purchaser from the Supplier's smelter located in Sebree, Kentucky. The Supplier shall also consider supplying, but shall not be obligated to supply, Aluminum from its Alouette smelter to Purchaser's Saguenay Works Facility at a discounted price.

2.2 PURCHASE BY THE PURCHASER

Subject to the terms and conditions of this Agreement, beginning on the Effective Date and continuing throughout the Term of this Agreement, the Purchaser shall purchase and take delivery from the Supplier "CPT the applicable Delivery Site" the quantities of Aluminum set out in the Monthly Requirement Schedules, subject to Section 2.4(b) and provided that such quantities are equal, in each Contract Year, to the Contract Tonnage for such Contract Year.

2.3 NOTIFICATION OF QUANTITIES OF ALUMINUM REQUIRED BY THE PURCHASER

(a) The Purchaser estimates that the Purchaser will require approximately *** Tonnes of Aluminum annually. Subject to Section 2.4(b), the Contract Tonnage for each Contract Year during the first three Contract Years in the Term of this Agreement shall be no greater than *** Tonnes of Aluminum and no less than *** Tonnes of Aluminum.

(b) The Purchaser and the Supplier shall use Commercially Reasonable Efforts to arrange for shipping and delivery schedules to be evenly spread on a monthly basis throughout each Contract Year.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(c) On or before October 31 in each Contract Year, the Purchaser shall submit to the Supplier a notice setting forth the annual quantity of Aluminum required for the next succeeding Contract Year (the "CONTRACT TONNAGE" for such Contract Year), and an estimated shipping schedule and quantities of Aluminum to be purchased in each calendar month of such Contract Year. In establishing such shipping schedule, the Purchaser shall endeavour to divide the Contract Tonnage as evenly as possible for delivery throughout each month in the Contract Year (monthly range: Contract Tonnage divided by 12 plus or minus 15% in any given month, provided that the Contract Tonnage is respected). The Contract Tonnage for Contract Year 1, and the estimated shipping schedule and quantities of Aluminum to be delivered in each calendar month during Contract Year 1, is set out in SCHEDULE 1 hereto.

2.4 SCHEDULING OF QUANTITIES

(a) Throughout the Term of this Agreement, by the fifteenth (15th) day of each calendar month (and if such day is not a Business Day, on the Business Day immediately preceding such 15th day), the Purchaser shall notify the Supplier of:

(i) the quantity of Aluminum it will purchase during the following calendar month; the Purchaser shall use Commercially Reasonable Efforts to ensure that the quantities identified in the Monthly Requirement Schedules in each Contract Year are as nearly equal as possible, and in any event would not fluctuate in respect of delivery in any particular month by more or less than fifteen percent (15%) of the Contract Tonnage divided by 12; and

(ii) the Purchaser's best estimate (which is non-binding) of its Aluminum requirements during the two (2) calendar months following the calendar month referred to in Section 2.4(a)(i);

collectively, the "MONTHLY REQUIREMENT SCHEDULE".

The Monthly Requirement Schedule for the first twelve (12) calendar months in the Term of this Agreement is set out in SCHEDULE 1 hereto.

(b) The Parties agree that (i) the Aluminum delivered hereunder to the Purchaser's Delivery Site located in Oswego, New York in each Contract Year shall be no less than *** Tonnes (spread evenly thoughout the year at approximately *** Tonnes per month) plus 75% of Aluminum supplied in excess of *** Tonnes in each Contract Year, and (ii) the Supplier shall supply at least *** Tonnes of Aluminum in each

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Contract Year from smelters in the Province of Quebec, Canada, in which the Supplier holds an ownership interest.

2.5 SUPPLIER'S SHIPPING OBLIGATIONS

(a) Notwithstanding the provisions of Incoterms 2000 and Section 2.10, the Supplier acknowledges its responsibility to make all necessary arrangements for the shipment and the transportation of Aluminum to the Delivery Site on behalf of the Purchaser. The Supplier shall act as the disclosed agent of the Purchaser in entering into contracts for hiring carriers for the shipment of Aluminum under this Agreement. In doing this, the Supplier shall use Commercially Reasonable Efforts to obtain competitive freight rates and shall consult with the Purchaser before entering into any long term contracts for hiring carriers on behalf of the Purchaser. The Supplier shall use Commercially Reasonable Efforts to ensure that such transportation is suitable for delivering the Aluminum to the Delivery Site.

(b) The Supplier undertakes to maintain the same practices and levels of service in respect of shipments of Aluminum hereunder as are consistent with its past and current practices. The Supplier undertakes to ensure that any shipment of Aluminum supplied hereunder:

(i) to the Purchaser's facilities at Oswego Plant, Oswego, New York, may be made by rail or truck, in accordance with current practice at the time this Agreement is entered into, with any change requiring mutual agreement;

(ii) to the Purchaser's facilities at the Logan Aluminum Plant, Russelville, Kentucky, are made by either rail or truck, at the Supplier's option; and

(iii) to the Purchaser's other Delivery Sites, by means of transport at the option of the Supplier.

2.6 PRICE

(a) The price payable by the Purchaser to the Supplier for each Tonne of Aluminum sold and purchased pursuant to Sections 2.1 and 2.2 shall be the Aluminum Price. The date used for calculating the Aluminum Price for any shipment of Aluminum shall be the Bill of Lading Date.

(b) In the event that (i) the LME ceases or suspends trading in Aluminum, (ii) Metal Week ceases to be published or ceases to publish the relevant reference price for determining the Aluminum Price, or (iii) Metal Bulletin ceases to be published or ceases publication of the relevant reference price for determining the Three Month LME Price, the Parties shall meet with a view to agreeing on an alternative publication or, as applicable, an alternative reference price. If the Parties fail to reach an agreement within sixty (60) days of any Party having notified the other to enter into discussions to agree to an alternative publication or reference price, then

the Chairman of the LME in London, England or his nominee shall be requested to select a suitable reference in lieu thereof and an appropriate amendment to the terms of this Section 2.6. The decision of the Chairman or his nominee shall be final and binding on the Parties.

2.7 QUALITY

(a) Aluminum supplied under this Agreement shall comply with the Specifications set forth in SCHEDULE 2. The Supplier shall use Commercially Reasonable Efforts to notify the Purchaser prior to shipment of any Aluminum that does not meet Specifications. The Purchaser shall not be required to accept delivery of any Aluminum that does not meet Specifications. If the Purchaser does not accept delivery of Aluminum not meeting Specifications, the Supplier's obligation shall be limited to the assumption of all costs for return of such Aluminum to the Supplier, and for the delivery of replacement Aluminum to the Purchaser. All other express or implied warranties, conditions and other terms relating to Aluminum hereunder, including warranties relating to merchantability or fitness for a particular purpose, are hereby excluded to the fullest extent permitted by Applicable Law.

(b) If the Specifications for Aluminum supplied by the Supplier change, the Supplier may propose that the Specifications set forth in SCHEDULE 2 be amended to reflect such changes, and SCHEDULE 2 shall be amended with the agreement of both Parties. If the revised Specifications do not result in increased costs for the processing of such Aluminum by the Purchaser, the Purchaser shall not withhold or delay its consent to such proposed amendment to the specifications.

(c) The Purchaser and the Supplier shall comply with their obligations set forth in SCHEDULE 2.

2.8 PAYMENT

(a) The Purchaser shall pay the Supplier in full, in accordance with Supplier's commercial invoice, for each shipment of Aluminum meeting the Specifications set out in Schedule 2 or otherwise accepted by Purchaser. Payment shall be made every 14 days commencing February 14, 2005 (each a "Payment Date"), or if such day is not a Business Day, then on the immediately following Business Day. Payment shall be made on each Payment Date in respect of all invoices issued not later than 31 days prior to such payment date and not previously paid, with invoices issued after such date being payable on the next following Payment Date.

(b) If the Purchaser believes that a shipment of Aluminum does not meet the Specifications set out in SCHEDULE 2 and has rejected such shipment in a timely manner in accordance with the terms hereof, it need not pay the invoice. However, if the Purchaser subsequently accepts that the Aluminum complies with the Specifications set out in SCHEDULE 2, the Purchaser shall pay the invoice and, if

payment is overdue pursuant to Section 2.8(a) above, interest in accordance with Section 2.8(c).

(c) If any payment required to be made pursuant to Section 2.8(a) above is overdue, the full amount shall bear interest at a rate per annum equal to the Default Interest Rate calculated on the actual number of days elapsed, accrued from and excluding the date on which such payment was due, up to and including the actual date of receipt of payment in the nominated bank or banking account.

(d) All amounts paid to the Supplier or the Purchaser hereunder shall be paid in Dollars by wire transfer in immediately available funds or by ACH to the account specified by the Supplier or Purchaser, as applicable, by notice from time to time by one Party to the other hereunder.

(e) If any Party fails to purchase or supply, as applicable, any quantity of Aluminum in any month as required under the terms of this Agreement, such Party shall be liable to the other Party for all direct damages, losses and costs resulting from such failure, provided that such other Party shall use its Commercially Reasonable Efforts to mitigate such damages, losses and costs.

2.9 DELIVERY

Aluminum shall be delivered CPT the applicable Delivery Site. The delivery of Aluminum pursuant to this Section 2.9 shall be governed by Incoterms 2000, as amended from time to time.

2.10 TITLE AND RISK OF LOSS

Title to and risk of damage to and loss of Aluminum shall pass to the Purchaser as the Aluminum is delivered by the Supplier to the carrier.

3. FORCE MAJEURE

3.1 EFFECT OF FORCE MAJEURE

No Party shall be liable for any loss or damage that arises directly or indirectly through or as a result of any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a Party) under this Agreement where the delay or failure is due to Force Majeure. The obligations of the Party affected by the event of Force Majeure (the "AFFECTED PARTY") shall be suspended, to the extent that those obligations are affected by the event of Force Majeure, from the date the Affected Party first gives notice in respect of that event of Force Majeure until cessation of that event of Force Majeure (or the consequences thereof).

3.2 DEFINITION

"FORCE MAJEURE" shall mean any act, occurrence or omission (or other event), subsequent to the commencement of the Term hereof, which is beyond the reasonable control of the Affected Party including, but not limited to: fires, explosions, accidents, strikes, lockouts or labour disturbances, floods, droughts, earthquakes, epidemics, seizures of cargo, wars (whether or not declared), civil commotion, acts of God or the public enemy, action of any government, legislature, court or other Governmental Authority, action by any authority, representative or organisation exercising or claiming to exercise powers of a government or Governmental Authority, compliance with Applicable Law, blockades, power failures or curtailments, inadequacy or shortages or curtailments or cessation of supplies of raw materials or other supplies, failure or breakdown of equipment of facilities, the invocation of Force Majeure by any party to an agreement under which any Party's operations are affected, and any declaration of Force Majeure by the facility producing the Aluminum, or any other event beyond the reasonable control of the Parties whether or not similar to the events or occurrences enumerated above. In no circumstances shall problems with making payments constitute Force Majeure.

3.3 NOTICE

Upon the occurrence of an event of Force Majeure, the Affected Party shall promptly give notice to the other Party hereto setting forth the details of the event of Force Majeure and an estimate of the likely duration of the Affected Party's inability to fulfil its obligations under this Agreement. The Affected Party shall use Commercially Reasonable Efforts to remove the said cause or causes and to resume, with the shortest possible delay, compliance with its obligations under this Agreement provided that the Affected Party shall not be required to settle any strike, lockout or labour dispute on terms not acceptable to it. When the said cause or causes have ceased to exist, the Affected Party shall promptly give notice to the other Party that such cause or causes have ceased to exist.

3.4 PRO RATA ALLOCATION

If the Supplier's supply of any Aluminum to be delivered to the Purchaser is stopped or disrupted by an event of Force Majeure, the Supplier shall have the right to allocate its available supplies of such Aluminum, if any, among any or all of its existing customers whether or not under contract, in a fair and equitable manner. In addition, where the Supplier is the Affected Party, it may (but shall not be required to) offer to supply, from another source, Aluminum of similar quality in substitution for the Aluminum subject to the event of Force Majeure to satisfy that amount which would have otherwise been sold and purchased hereunder at a price which may be more or less than the price hereunder.

3.5 CONSULTATION

Within thirty (30) days of the cessation of the event of Force Majeure, the Parties shall consult with a view to reaching agreement as to the Supplier's obligation to provide, and the Purchaser's obligation to take delivery of, that quantity of Aluminum that could not be

sold and purchased hereunder because of the event of Force Majeure, provided that any such shortfall quantity has not been replaced by substitute Aluminum pursuant to the terms above.

In the absence of any agreement by the Parties, failure to deliver or accept delivery of Aluminum which is excused by or results from the operation of the foregoing provisions of this Section 3 shall not extend the Term of this Agreement and the quantities of Aluminum to be sold and purchased under this Agreement shall be reduced by the quantities affected by such failure.

3.6 TERMINATION

(a) If an event of Force Majeure where the Affected Party is the Purchaser shall continue for more than *** consecutive calendar months, then the Supplier shall have the right to terminate this Agreement.

(b) If an event of Force Majeure where the Affected Party is the Supplier shall continue for more than *** consecutive calendar months, then the Purchaser shall have the right to terminate this Agreement.

4. ASSIGNMENT

4.1 PROHIBITION ON ASSIGNMENTS

No Party shall assign or transfer this Agreement, in whole or in part, or any interest or obligation arising under this Agreement, except as permitted by Section 4.2, without the prior written consent of the other Party.

4.2 ASSIGNMENT WITHIN ALCAN GROUP OR NOVELIS GROUP

(a) With the consent of Novelis, such consent not to be unreasonably withheld or delayed, Alcan may elect to have one or more of the Persons comprising the Alcan Group assume the rights and obligations of the Supplier under this Agreement, provided that

(i) Alcan shall remain fully liable for all obligations of the Supplier hereunder, and

(ii) the transferee will remain at all times a member of the Alcan Group;

any such successor to Alcan as a Supplier under this Agreement shall be deemed to be the "SUPPLIER" for all purposes of the Agreement.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(b) With the consent of Alcan, such consent not to be unreasonably withheld or delayed, Novelis may elect to have one or more of the Persons comprising the Novelis Group assume the rights and obligations of the Purchaser under this Agreement, provided that

(i) Novelis shall remain fully liable for all obligations of the Purchaser hereunder, and

(ii) the transferee will remain at all times a member of the Novelis Group;

any such successor to Novelis as Purchaser under this Agreement shall be deemed to be the "PURCHASER" for all purposes of this Agreement.

5. TERM AND TERMINATION

5.1 EFFECTIVENESS

This Agreement shall come into effect upon the Effective Date.

5.2 TERM

The term of this Agreement (the "TERM") shall be from the Effective Date until ***, unless terminated earlier or extended pursuant to the provisions of this Agreement.

5.3 EXTENSION

One year prior to the expiration of the Term, the Parties may, upon the request of any Party, meet to negotiate in good faith a possible extension of the Term for a further period on terms to be mutually agreed. If no such Agreement is reached between the Parties, the Agreement shall terminate upon expiry of the Term.

5.4 TERMINATION

This Agreement shall terminate:

(a) upon expiry of the Term;

(b) upon the mutual agreement of the Parties prior to the expiry of the Term;

(c) pursuant to Section 3.6 as a result of Force Majeure; or

(d) upon the occurrence of an Event of Default, in accordance with Section 6.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

6. EVENTS OF DEFAULT

This Agreement may be terminated in its entirety immediately at the option of a Party (the "TERMINATING PARTY"), in the event that an Event of Default occurs in relation to the other Party (the "DEFAULTING PARTY"), and such termination shall take effect immediately upon the Terminating Party providing notice to the Defaulting Party of the termination.

For the purposes of this Agreement, each of the following shall individually and collectively constitute an "EVENT OF DEFAULT" with respect to a Party:

(a) such Party defaults in payment of any payments which are due and payable by it pursuant to this Agreement, and such default is not cured within thirty (30) days following receipt by the Defaulting Party of notice of such default;

(b) such Party breaches any of its material obligations pursuant to this Agreement (other than as set out in paragraph (a) above), and fails to cure it within sixty (60) days after receipt of notice from the non-defaulting Party specifying the default with reasonable detail and demanding that it be cured, provided that if such breach is not capable of being cured within sixty (60) days after receipt of such notice and the Party in default has diligently pursued efforts to cure the default within the sixty (60) day period, no Event of Default under this paragraph (b) shall occur;

(c) such Party breaches any material representation or warranty, or fails to perform or comply with any material covenant, provision, undertaking or obligation in or of the Separation Agreement;

(d) in relation to the Purchaser (1) upon the occurrence of a Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.03(b) of the Separation Agreement and pursuant to this paragraph of this Agreement, or (2) upon the occurrence of a Change of Control Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.04(e) of the Separation Agreement, in which event the termination of this Agreement shall be effective immediately upon Alcan providing Novelis notice pursuant to Section 14.03(b) or Section 14.04(e) of the Separation Agreement;

(e) such Party (i) is bankrupt or insolvent or takes the benefit of any statute in force for bankrupt or insolvent debtors, or (ii) files a proposal or takes any action or proceeding before any court of competent jurisdiction for dissolution, winding-up or liquidation, or for the liquidation of its assets, or a receiver is appointed in respect of its assets, which order, filing or appointment is not rescinded within sixty (60) days; or

(f) proceedings are commenced by or against such Party under the laws of any jurisdiction relating to reorganization, arrangement or compromise.

7. REPRESENTATIONS AND WARRANTIES

The Parties hereby reiterate for the purposes of this Agreement those representations and warranties set forth in Article VI of the Separation Agreement.

8. CONFIDENTIALITY

Each of the Parties shall at all times be in full compliance with its obligations under Sections 11.07 and 11.08 (Confidentiality) of the Separation Agreement.

9. DISPUTE RESOLUTION

9.1 DISPUTES

The Master Agreement with respect to Dispute Resolution, effective on the Effective Date, among the Parties and other parties thereto shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) ("DISPUTES") between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby), or the commercial or economic relationship of the Parties relating hereto or thereto.

9.2 CONTINUING OBLIGATIONS

The existence of a Dispute with respect to this Agreement between the Parties shall not relieve either Party from performance of its obligations under this Agreement that are not the subject of such Dispute.

10. MISCELLANEOUS

10.1 CONSTRUCTION

The terms of Section 16.04 (Construction) of the Separation Agreement shall apply to this Agreement, mutatis mutandis, as if all references therein to the "Agreement" were deemed to be references to this Agreement.

10.2 NOTICES

All notices and other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) on the date of delivery, if delivered personally, (b) on the first Business Day following the date of dispatch if delivered by a nationally recognized next-day courier service, (c) on the date of actual receipt if delivered by registered or certified mail, return receipt requested, postage prepaid or (d) if sent by facsimile transmission, when transmitted and receipt is confirmed by telephone. All notices hereunder shall be delivered as follows:

IF TO THE PURCHASER, TO:

NOVELIS INC.
Suite 3800
Royal Bank Plaza, South Tower
P.O. Box 84
200 Bay Street
Toronto, Ontario
M5J 2Z4

Fax: 416-216-3930

Attention: Chief Executive Officer

IF TO THE SUPPLIER, TO:

ALCAN INC.
1188 Sherbrooke Street West
Montreal, Quebec
H3A 3G2

Fax: 514-848-8115

Attention: Chief Legal Officer

Any Party may, by notice to the other Party, change the address or fax number to which such notices are to be given.

10.3 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

10.4 JUDGMENT CURRENCY

The obligations of a Party to make payments hereunder shall not be discharged by an amount paid in any currency other than Dollars, whether pursuant to a court judgment or arbitral award or otherwise, to the extent that the amount so paid upon conversion to Dollars and transferred to an account indicated by the Party to receive such funds under normal banking procedures does not yield the amount of Dollars due, and each Party hereby, as a separate obligation and notwithstanding any such judgment or award, agrees to indemnify the other Party against, and to pay to such Party on demand, in Dollars, any difference between the sum originally due in Dollars and the amount of Dollars received upon any such conversion and transfer.

10.5 ENTIRE AGREEMENT

This Agreement, the Separation Agreement and schedules, exhibits, annexes and appendices hereto and thereto and the specific agreements contemplated herein or thereby contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

10.6 CONFLICTS

In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail.

10.7 SEVERABILITY

If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.8 SURVIVAL

The obligations of the Parties under Sections 2.6, 2.7, 2.8, 8, 9, 10.3 and 10.8 and liability for the breach of any obligation contained herein shall survive the expiration or earlier termination of this Agreement.

10.9 EXECUTION IN COUNTERPARTS

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

10.10 AMENDMENTS

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.11 WAIVERS

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by Applicable Law.

10.12 NO PARTNERSHIP

Nothing contained herein or in the Agreement shall make a Party a partner of any other Party and no Party shall hold out the other as such.

10.13 TAXES, ROYALTIES AND DUTIES

All royalties, taxes and duties imposed or levied on any Aluminum delivered hereunder (other than any taxes on the income of the Supplier) shall be for the account of and paid by the Purchaser.

10.14 LIMITATIONS OF LIABILITY

(a) Neither Party shall be liable to the other Party for any indirect, collateral, incidental, special, consequential or punitive damages, lost profit or failure to realize expected savings or other commercial or economic loss of any kind, howsoever caused, and on any theory of liability (including negligence) arising in any way out of this Agreement; provided, however, that the foregoing limitations shall not limit any Parties' indemnification obligations for Liabilities with respect to Third Party Claims as set forth Article IX of the Separation Agreement (as if such Article IX was set out in full herein by reference to the obligations of the Parties hereunder).

(b) Sections 9.04, 9.05, 9.06, 9.07 and 9.09 of the Separation Agreement shall apply mutatis mutandis with respect to any Liability subject to any indemnification or reimbursement pursuant to this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties hereto have caused this Metal Supply Agreement to be executed by their duly authorized representatives.

NOVELIS INC.

By: /s/ Brian W. Sturgell

Name:

Title:

ALCAN INC.

By: /s/ David McAusland

Name:

Title:

EXECUTION COPY

(METAL SUPPLY AGREEMENT #2
MOLTEN METAL)

EXHIBIT 10.3

MOLTEN METAL SUPPLY AGREEMENT

between

NOVELIS INC.

(as Purchaser)

and

ALCAN INC.

(as Supplier)

FOR THE SUPPLY OF MOLTEN METAL TO PURCHASER'S SAGUENAY WORKS FACILITY

DATED JANUARY 5, 2005, WITH EFFECT AS OF THE EFFECTIVE DATE

TABLE OF CONTENTS

MOLTEN METAL SUPPLY AGREEMENT

THIS AGREEMENT entered into in the City of Montreal, Province of Quebec, is dated January ___, 2005, with effect as of the Effective Date.

BETWEEN: NOVELIS INC., a corporation incorporated under the Canada Business Corporations Act ("NOVELIS" or the "PURCHASER");

AND: ALCAN INC., a corporation organized under the Canada Business Corporations Act ("ALCAN" or the "SUPPLIER").

RECITALS:

WHEREAS Alcan and Novelis have entered into a Separation Agreement pursuant to which they set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined therein), such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS the Supplier wishes to supply, and the Purchaser wishes to purchase, subject to the terms and conditions of this Agreement, Molten Metal (as defined below) required by the Purchaser at the Purchaser's Saguenay Works facility.

WHEREAS the Parties have entered into this Agreement in order to set forth such terms and conditions.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

For the purposes of this Agreement, the following terms and expressions and variations thereof shall, unless another meaning is clearly required in the context, have the meanings specified or referred to in this Section 1.1:

"AFFECTED PARTY" has the meaning set forth in Section 3.1.

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and

policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" means this Molten Metal Supply Agreement, including all of the Schedules hereto.

"ALCAN" means Alcan Inc.

"ALCAN GROUP" means Alcan and its Subsidiaries from time to time on and after the Effective Date.

"ALUMINUM PRICE" for any calendar month means the arithmetic average LME 3-Month seller's price for primary high grade aluminum, as published in Metal Bulletin on each day during the calendar month preceding such calendar month, or as otherwise determined pursuant to Section 2.6(b). As an example, the Aluminum Price for the month of April will be based on aluminum prices published during the month of March.

"APPLICABLE LAW" means any applicable law, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"BASE CONTRACT TONNAGE" means:

(i) in respect of Contract Year 1, *** Tonnes;

(ii) in respect of Contract Year 2, *** Tonnes; and

(iii) in respect of Contract Year 3 and each subsequent Contract Year, *** Tonnes,

subject to any reduction in accordance with Section 2.4(b).

"BILL OF LADING DATE" means the date of the bill of lading representing Molten Metal cargo to be delivered under this Agreement.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the City of Montreal (Canada) or in the City of New York (United States), is a legal holiday, or (ii) a day on which banks are authorized by Applicable Law to close in the city of Montreal (Canada) or in the city of New York (United States).

"COMMERCIALLY REASONABLE EFFORTS" means the efforts that a reasonable and prudent Person desirous of achieving a business result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible in the context of commercial relations of the type contemplated in this Agreement; provided, however, that an obligation to use Commercially Reasonable Efforts under this Agreement does not require the Person subject to that obligation to assume any material obligations or pay any material amounts to a Third Party or take actions that would reduce the benefits intended to be obtained by such Person under this Agreement.

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"CONTRACT PRICE" for each Tonne of Molten Metal sold and purchased hereunder in any month shall be:

(i) in respect of each month occurring in Contract Year *** to Contract Year *** (inclusive), the Midwest Price minus the LME Discount, minus the Molten Metal Discount;

(ii) in respect of each month occurring in Contract Year *** to Contract Year *** (inclusive), such price as may be agreed by the Purchaser and the Supplier by good faith negotiations during Contract Year *** , and in the absence of such agreement, the Midwest Price calculated for such month minus the Molten Metal Discount; and

(iii) in respect of each month occurring subsequent to Contract Year *** , such price as may be agreed as a result of good faith negotiations in connection with any extension of the Term pursuant to Section 5.3 hereof.

Such amount shall be rounded upwards to the nearest Dollar.

"CONTRACT TONNAGE" has the meaning set forth in Section 2.3(c).

"CONTRACT YEAR" means (a) initially the period commencing on the Effective Date and ending on the last day of the calendar year in which the Effective Date occurs (such initial period being "CONTRACT YEAR 1") and (b) thereafter, each successive

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

period consisting of twelve calendar months (the first such period being "CONTRACT YEAR 2"), provided that the final Contract Year shall end on the last day of the Term.

"CPT" means, to the extent not inconsistent with the provisions of this Agreement, CPT as defined in Incoterms 2000, published by the ICC, Paris, France, as amended from time to time.

"DEFAULT INTEREST RATE" means the rate of interest charged by Supplier from time to time on late payments in accordance with Supplier's normal commercial practice, as indicated on invoices issued by Supplier to Purchaser hereunder.

"DEFAULTING PARTY" has the meaning set forth in Section 6.

"DELIVERY SITE" means the Purchaser's Saguenay Works facility located at 2040 Fay Street, Jonquiere, Quebec, Canada.

"DISPUTES" has the meaning set forth in Section 9.1.

"DOLLARS" or "$" means the lawful currency of the United States of America.

"EFFECTIVE DATE" means the "Effective Date" as defined in the Separation Agreement.

"EVENT OF DEFAULT" has the meaning set forth in Section 6.

"FORCE MAJEURE" has the meaning set forth in Section 3.2.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.

"ICC" means the International Chamber of Commerce.

"INCOTERMS 2000" means the set of international rules updated in the year 2000 for the interpretation of the most commonly used trade terms for foreign trade, as published by the ICC.

"LIABILITIES" has the meaning set forth in the Separation Agreement.

"LME" means the London Metal Exchange.

"LME DISCOUNT" means, (i) for each of Contract Year *** to Contract Year ***, inclusive, ***% of the Aluminum Price; (ii) for each of Contract Year *** to Contract Year ***, inclusive, such amount as may be agreed by the Purchaser and the Supplier as a result of good faith negotiations that shall take place in Contract Year ***and, in the absence of such agreement, zero (0); and (iii) for any Contract Year from and after Contract Year ***, such amount as may be agreed by the Purchaser and the Supplier in good faith negotiations in connection with any extension of the Term pursuant to Section 5.3.

"MIDWEST PRICE" for any calendar month means the arithmetic average of the mid-west transaction prices for primary high grade aluminum, as published in Metals Week on each day during the calendar month preceding such calendar month or as otherwise determined pursuant to Section 2.6(b). As an example, the Midwest Price for the month of April will be based on metal prices published during the month of March.

"MOLTEN METAL" means P1020 aluminum metal in molten form.

"MOLTEN METAL DISCOUNT" means, (i) for each of Contract Year *** to Contract Year ***, inclusive, $***; (ii) for each of Contract Year *** to Contract Year ***, inclusive, such amount as may be agreed by the Purchaser and the Supplier as a result of good faith negotiations that shall take place in Contract Year ***; in the absence of such agreement, the Molten Metal Discount for Contract Years *** to *** shall be the Molten Metal Discount for the preceding Contract Year multiplied by a factor equal to ***; and (iii) for any Contract Year from and after Contract Year ***, such amount as may be agreed by the Purchaser and the Supplier as a result of good faith negotiations in connection with any extension of the Term pursuant to Section 5.3.

"NOVELIS" means Novelis Inc.

"NOVELIS GROUP" means Novelis Inc. and its Affiliates from time to time on and after the Effective Date.

"PARTY" means each of the Purchaser and the Supplier as a party to this Agreement and "PARTIES" means both of them.

"PERSON" means any individual, Business Concern or Governmental Authority.

"PURCHASER" has the meaning set forth in the Preamble to this Agreement.

"SAGUENAY SMELTER" means those aluminum smelters of the Supplier identified in Schedule 2.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"SAGUENAY WORKS" means the Purchaser's light gauge rolled products facility at Jonquiere, Quebec, Canada.

"SALES TAX" means any sales, use, consumption, goods and services, value added or similar tax, duty or charge imposed by a Governmental Authority pursuant to Applicable Law.

"SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.

"SPECIFICATIONS" means such specifications for Molten Metal as may be proposed from time to time in accordance with Section 2.7.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person.

"SUPPLIER" has the meaning set forth in the Preamble to this Agreement.

"TERM" has the meaning set forth in Section 5.2.

"TERMINATING PARTY" has the meaning set forth in Section 6.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member or an Affiliate of Alcan Group or a member or an Affiliate of Novelis Group.

"THIRD PARTY CLAIM" has the meaning set forth in the Separation Agreement.

"TONNE" means 1,000 kilograms.

"US PPI" means the Producer Price Index for industrial commodities, as published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor.

1.2 CURRENCY

All references to currency herein are to Dollars unless otherwise specified.

1.3 VIENNA CONVENTION

The Parties agree that the terms of the United Nations Convention (Vienna Convention) on Contracts for the International Sale of Goods (1980) shall not apply to this Agreement or the obligations of the Parties hereunder.

2. MOLTEN METAL

2.1 SUPPLY AND SALE BY THE SUPPLIER

(a) Subject to the terms and conditions of this Agreement, beginning on the Effective Date and continuing throughout the Term of this Agreement, the Supplier shall supply and sell to the Purchaser "CPT the Delivery Site" the quantities of Molten Metal determined in accordance with this Agreement.

(b) The Supplier shall supply Molten Metal produced by the Supplier from a Saguenay Smelter of the Supplier's choosing or from such other sources and locations as may be agreed.

2.2 PURCHASE BY THE PURCHASER

Subject to the terms and conditions of this Agreement, beginning on the Effective Date and continuing throughout the Term of this Agreement, the Purchaser shall purchase and take delivery from the Supplier "CPT the Delivery Site" the quantities of Molten Metal determined in accordance with this Agreement.

2.3 QUANTITIES OF MOLTEN METAL REQUIRED BY THE PURCHASER

(a) The Purchaser agrees to purchase and the Supplier agrees to supply, in each Contract Year, Contract Tonnage of no more than the Base Contract Tonnage applicable for such Contract Year and no less than eighty percent (80%) of the Base Contract Tonnage applicable for such Contract Year as specified by the Purchaser pursuant to Section 2.3(c) below. The purchase and supply, as applicable, by the Parties, of any greater quantity shall be subject to further agreement of the Parties, at each Party's discretion.

(b) The Parties shall use Commercially Reasonable Efforts to arrange for shipping and delivery schedules to be approximately evenly spread on a daily and weekly basis throughout each Contract Year.

(c) On or before October 31 in each Contract Year, the Purchaser shall submit to the Supplier a notice setting forth the annual quantity of Molten Metal required for the next succeeding Contract Year (the "CONTRACT TONNAGE" for such Contract Year), which shall be no less than 80% of the Base Contract Tonnage applicable to the next succeeding Contract Year, and no more than the Base Contract Tonnage for such Contract Year, and an estimated shipping schedule and quantities of Molten Metal to be purchased in each week of such Contract Year; in establishing such shipping schedule, the Purchaser shall endeavour to divide the Contract Tonnage as evenly as possible for delivery throughout each day and each week in the Contract Year. The Contract Tonnage for Contract Year 1, and the estimated shipping schedule and quantities of Molten Metal to be delivered in each week during Contract Year 1, are set out in SCHEDULE 1 hereto.

2.4 OTHER TERMS AFFECTING QUANTITY

(a) Throughout the Term of this Agreement, the Purchaser shall be entitled to request reductions in the amount of Molten Metal to be delivered in any week by the Supplier hereunder by notice to the Supplier, and the Supplier shall adjust its shipments so as to provide such reduced amount in such week, provided such reduction is made in connection with either (i) a planned maintenance shutdown of the Purchaser's facilities at Saguenay Works or (ii) a statutory holiday falling in such week, and the Parties have agreed on the timing for any such maintenance shut down or variation in quantity. The Parties shall use their Commercially Reasonable Efforts to reach agreement under this Section 2.4(a) with a view to avoiding production disruptions or inventory buildup. Any reduction of weekly supply pursuant to this Section 2.4(a) shall not affect the obligations of the Purchaser and the Supplier under Section 2.3(a).

(b) The quantity of Molten Metal which the Purchaser agrees to purchase and the Supplier agrees to supply hereunder shall be subject to reduction in the event the Supplier provides notice to the Purchaser that one or more of the Saguenay Smelters owned by the Supplier has been temporarily or permanently shut down by the Supplier, provided such shut down has occurred as a result of a good faith decision by the Supplier that the continued operation of such Saguenay Smelter would be uneconomic or otherwise unviable for the Supplier or non value-maximizing for the Supplier. The reduction shall be for such quantity as may be agreed by the Parties and, failing agreement, shall be for such quantity as is equal to the Contract Tonnage multiplied by the annual reduction capacity of the Saguenay Smelters (or Smelter) that has (or have) been shut down, and divided by the total annual production capacity of all Saguenay Smelters before giving effect to the shut down. Supplier shall provide not less than 18 months prior notice to Purchaser before invoking this provision.

(c) Subject to the Parties' obligations to purchase and supply, as applicable, the Contract Tonnage in each Contract Year on the terms of this Section 2, the Parties shall consult at least once a week in order to agree on the quantities of Molten Metal to be supplied on a daily basis. The Supplier will use Commercially Reasonable Efforts to allocate Molten Metal produced by the Supplier on a fair basis between the Purchaser and facilities of the Supplier or its Affiliates that require Molten Metal.

2.5 SUPPLIER'S SHIPPING OBLIGATIONS

(a) The Supplier shall supply to the Purchaser, in accordance with the terms hereof, in each week, such quantity of Molten Metal as is identified by the Purchaser in respect of such week in a notice pursuant to Section 2.3(c) hereof, subject to any reduction in accordance with Section 2.4.

(b) Notwithstanding the provisions of Incoterms 2000 and Section 2.10, the Supplier acknowledges its responsibility to make all necessary arrangements for the transportation of Molten Metal to the Delivery Site on behalf of the Purchaser. The Supplier shall act as the disclosed agent of the Purchaser in entering into contracts for hiring carriers for the shipment of Molten Metal under this Agreement. In doing this, the Supplier shall use Commercially Reasonable Efforts to obtain the most competitive freight rates and shall obtain approval from the Purchaser before entering into any long term contracts for hiring carriers on behalf of the Purchaser. The Supplier shall use Commercially Reasonable Efforts to ensure that such transportation is suitable for delivering Molten Metal to the Delivery Site.

2.6 PRICE

(a) The price payable by the Purchaser to the Supplier for each Tonne of Molten Metal sold and purchased pursuant to Sections 2.1 and 2.2 shall be the Contract Price. The date used for calculating the Contract Price for any shipment of Molten Metal shall be the Bill of Lading Date.

(b) In the event that (i) the LME ceases or suspends trading in aluminum; (ii) Metal Week ceases to be published or ceases to publish the relevant reference price for determining the Midwest Price; or (iii) Metal Bulletin ceases to be published or ceases publication of the relevant reference price for determining the Aluminum Price, the Parties shall meet with a view to agreeing on an alternative publication or, as applicable, an alternative reference price. If the Parties fail to reach an agreement within sixty (60) days of any Party having notified the other to enter into discussions to agree to an alternative publication or reference price, then the Chairman of the LME in London, England or his nominee shall be requested to select a suitable reference in lieu thereof and an appropriate amendment to the terms of this Section 2.6. The decision of the Chairman or his nominee shall be final and binding on the Parties.

2.7 QUALITY

(a) Molten Metal supplied under this Agreement shall comply with the definition of "Molten Metal" set forth in Section 1.1. The Supplier shall use Commercially Reasonable Efforts to notify the Purchaser prior to shipment of any Molten Metal that does not meet this description. The Purchaser shall not be required to accept delivery of any Molten Metal that does not meet this description. If the Purchaser does not accept delivery of Molten Metal not meeting this description, the Supplier's obligation shall be limited to the assumption of all costs for return of such Molten Metal to the Supplier, and for the delivery of replacement Molten Metal to the Purchaser. All other express or implied warranties, conditions and other terms relating to Molten Metal hereunder, including warranties relating to merchantability or fitness for a

particular purpose, are hereby excluded to the fullest extent permitted by Applicable Law.

(b) The Purchaser may from time to time propose that Molten Metal to be supplied hereunder comply with additional specifications. The Supplier shall use Commercially Reasonable Efforts to agree to such proposed modifications or additions.

(c) The Parties shall cooperate in good faith to develop a plan for addressing sodium content issues in Molten Metal supplied from the Supplier's Alma smelter by June 30, 2005.

2.8 PAYMENT

(a) The Purchaser shall pay the Supplier in full, in accordance with Supplier's commercial invoice, for each shipment of Molten Metal meeting the Specifications for P1020 aluminum metal or otherwise accepted by Purchaser. Payment shall be made every 14 days commencing February 14, 2005 (each a "Payment Date"), or if such day is not a Business Day, then on the immediately following Business Day. Payment shall be made on each Payment Date in respect of all invoices issued not later than 31 days prior to such payment date and not previously paid, with invoices issued after such date being payable on the next following Payment Date.

(b) If the Purchaser believes that a shipment of Molten Metal does not meet the description of Molten Metal as defined in this Agreement and has rejected such shipment in a timely manner in accordance with the terms hereof, it need not pay the invoice. However, if the Purchaser subsequently accepts that the Molten Metal complies with the requirements of this Agreement, the Purchaser shall pay the invoice and, if payment is overdue pursuant to Section 2.8(a) above, interest in accordance with Section 2.8(c).

(c) If any payment required to be made pursuant to Section 2.8(a) above is overdue, the full amount shall bear interest at a rate per annum equal to the Default Interest Rate calculated on the actual number of days elapsed, accrued from and excluding the date on which such payment was due, up to and including the actual date of receipt of payment in the nominated bank or banking account.

(d) All amounts paid to the Supplier or the Purchaser hereunder shall be paid in Dollars by wire transfer in immediately available funds or by ACH to the account specified by the Supplier or Purchaser, as applicable, by notice from time to time by one Party to the other hereunder.

(e) If any Party fails to purchase or supply, as applicable, any quantity of Molten Metal in any month as required under the terms of this Agreement, such Party shall be liable to the other Party for all direct damages, losses and costs

resulting from such failure, provided that such other Party shall use its Commercially Reasonable Efforts to mitigate such damages, losses and costs.

2.9 DELIVERY

Molten Metal shall be delivered CPT the Delivery Site. The delivery of Molten Metal pursuant to this Section 2.9 shall be governed by Incoterms 2000, as amended from time to time.

2.10 TITLE AND RISK OF LOSS

Title to and risk of damage to and loss of Molten Metal shall pass to the Purchaser as the Molten Metal is delivered by the Supplier to the carrier.

2.11 PURCHASER AS PRINCIPAL

The Purchaser warrants that all Molten Metal to be purchased hereunder shall be purchased for Purchaser's own consumption. The Purchaser agrees that it shall not re-sell or otherwise make available to any Person any Molten Metal purchased from the Supplier hereunder, other than in respect of transactions undertaken in small quantities by the Purchaser to balance purchases or Purchaser's metal position.

3. FORCE MAJEURE

3.1 EFFECT OF FORCE MAJEURE

No Party shall be liable for any loss or damage that arises directly or indirectly through or as a result of any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a Party) under this Agreement where the delay or failure is due to Force Majeure. The obligations of the Party affected by the event of Force Majeure (the "AFFECTED PARTY") shall be suspended, to the extent that those obligations are affected by the event of Force Majeure, from the date the Affected Party first gives notice in respect of that event of Force Majeure until cessation of that event of Force Majeure (or the consequences thereof).

3.2 DEFINITION

"FORCE MAJEURE" shall mean any act, occurrence or omission (or other event), subsequent to the commencement of the Term hereof, which is beyond the reasonable control of the Affected Party including, but not limited to: fires, explosions, accidents, strikes, lockouts or labour disturbances, floods, droughts, earthquakes, epidemics, seizures of cargo, wars (whether or not declared), civil commotion, acts of God or the public enemy, action of any government, legislature, court or other Governmental Authority, action by any authority, representative or organisation exercising or claiming to exercise powers of a government or

Governmental Authority, compliance with Applicable Law, blockades, power failures or curtailments, inadequacy or shortages or curtailments or cessation of supplies of raw materials or other supplies, failure or breakdown of equipment of facilities, the invocation of Force Majeure by any party to an agreement under which any Party's operations are affected, and any declaration of Force Majeure by the facility producing the Molten Metal, or any other event beyond the reasonable control of the Parties whether or not similar to the events or occurrences enumerated above. In no circumstances shall problems with making payments constitute Force Majeure.

3.3 NOTICE

Upon the occurrence of an event of Force Majeure, the Affected Party shall promptly give notice to the other Party hereto setting forth the details of the event of Force Majeure and an estimate of the likely duration of the Affected Party's inability to fulfil its obligations under this Agreement. The Affected Party shall use Commercially Reasonable Efforts to remove the said cause or causes and to resume, with the shortest possible delay, compliance with its obligations under this Agreement, provided that the Affected Party shall not be required to settle any strike, lockout or labour dispute on terms not acceptable to it. When the said cause or causes have ceased to exist, the Affected Party shall promptly give notice to the other Party that such cause or causes have ceased to exist.

3.4 PRO RATA ALLOCATION

If the Supplier's supply of any Molten Metal to be delivered to the Purchaser is stopped or disrupted by an event of Force Majeure, the Supplier shall have the right to allocate its available supplies of such Molten Metal, if any, among any or all of its existing customers whether or not under contract, in a fair and equitable manner. In addition, where the Supplier is the Affected Party, it may (but shall not be required to) offer to supply, from another source, Molten Metal of similar quality in substitution for the Molten Metal subject to the event of Force Majeure to satisfy that amount which would have otherwise been sold and purchased hereunder at a price which may be more or less than the price hereunder.

3.5 CONSULTATION

Within thirty (30) days of the cessation of the event of Force Majeure, the Parties shall consult with a view to reaching agreement as to the Supplier's obligation to provide, and the Purchaser's obligation to take delivery of, that quantity of Molten Metal that could not be sold and purchased hereunder because of the event of Force Majeure, provided that any such shortfall quantity has not been replaced by substitute Molten Metal pursuant to the terms above.

In the absence of any agreement by the Parties, failure to deliver or accept delivery of Molten Metal which is excused by or results from the operation of the foregoing

provisions of this Section 3 shall not extend the Term of this Agreement and the quantities of Molten Metal to be sold and purchased under this Agreement shall be reduced by the quantities affected by such failure.

3.6 TERMINATION

(a) If an event of Force Majeure where the Affected Party is the Purchaser shall continue for more than ***consecutive calendar months, then the Supplier shall have the right to terminate this Agreement.

(b) If an event of Force Majeure where the Affected Party is the Supplier shall continue for more than ***consecutive calendar months, then the Purchaser shall have the right to terminate this Agreement.

4. ASSIGNMENT

4.1 PROHIBITION ON ASSIGNMENTS

No Party shall assign or transfer this Agreement, in whole or in part, or any interest or obligation arising under this Agreement, except as permitted by Section 4.2, without the prior written consent of the other Party.

4.2 ASSIGNMENT WITHIN ALCAN GROUP OR NOVELIS GROUP

(a) With the consent of Novelis, such consent not to be unreasonably withheld or delayed, Alcan may elect to have one or more of the Persons comprising the Alcan Group assume the rights and obligations of the Supplier under this Agreement, provided that

(i) Alcan shall remain fully liable for all obligations of the Supplier hereunder, and

(ii) the transferee will remain at all times a member of the Alcan Group;

any such successor to Alcan as a Supplier under this Agreement shall be deemed to be the "SUPPLIER" for all purposes of the Agreement.

(b) With the consent of Alcan, such consent not to be unreasonably withheld or delayed, Novelis may elect to have one or more of the Persons comprising the Novelis Group assume the rights and obligations of the Purchaser under this Agreement, provided that

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(i) Novelis shall remain fully liable for all obligations of the Purchaser hereunder, and

(ii) the transferee will remain at all times a member of the Novelis Group;

any such successor to Novelis as Purchaser under this Agreement shall be deemed to be the "PURCHASER" for all purposes of this Agreement.

5. TERM AND TERMINATION

5.1 EFFECTIVENESS

This Agreement shall come into full force and effect upon the Effective Date.

5.2 TERM

The term of this Agreement (the "TERM") shall be from the Effective Date until ***, unless terminated earlier or extended pursuant to the provisions of this Agreement.

5.3 EXTENSION

One year prior to the expiration of the Term, the Parties may, upon the request of either Party, meet to negotiate in good faith a possible extension of the Term for a further period on terms to be mutually agreed (including in respect of quantities of Molten Metal to be purchased and supplied hereunder and pricing to apply in such further period). If no such Agreement is reached between the Parties, the Agreement shall terminate upon expiry of the Term.

5.4 TERMINATION

This Agreement shall terminate:

(a) upon expiry of the Term;

(b) upon the mutual agreement of the Parties prior to the expiry of the Term;

(c) pursuant to Section 3.6 as a result of Force Majeure; or

(d) upon the occurrence of an Event of Default, in accordance with Section 6.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

6. EVENTS OF DEFAULT

This Agreement may be terminated in its entirety immediately at the option of a Party (the "TERMINATING PARTY"), in the event that an Event of Default occurs in relation to the other Party (the "DEFAULTING PARTY"), and such termination shall take effect immediately upon the Terminating Party providing notice to the Defaulting Party of the termination.

For the purposes of this Agreement, each of the following shall individually and collectively constitute an "EVENT OF DEFAULT" with respect to a Party:

(a) such Party defaults in payment of any payments which are due and payable by it pursuant to this Agreement, and such default is not cured within thirty (30) days following receipt by the Defaulting Party of notice of such default;

(b) such Party breaches any of its material obligations pursuant to this Agreement (other than as set out in paragraph (a) above), and fails to cure it within sixty (60) days after receipt of notice from the non-defaulting Party specifying the default with reasonable detail and demanding that it be cured, provided that if such breach is not capable of being cured within sixty (60) days after receipt of such notice and the Party in default has diligently pursued efforts to cure the default within the sixty (60) day period, no Event of Default under this paragraph (b) shall occur;

(c) such Party breaches any material representation or warranty, or fails to perform or comply with any material covenant, provision, undertaking or obligation in or of the Separation Agreement;

(d) in relation to the Purchaser (1) upon the occurrence of a Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.03(b) of the Separation Agreement and pursuant to this paragraph of this Agreement, or (2) upon the occurrence of a Change of Control Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.04(e) of the Separation Agreement, in which event the termination of this Agreement shall be effective immediately upon Alcan providing Novelis notice pursuant to Section 14.03(b) or Section 14.04(e) of the Separation Agreement;

(e) such Party (i) is bankrupt or insolvent or takes the benefit of any statute in force for bankrupt or insolvent debtors, or (ii) files a proposal or takes any action or proceeding before any court of competent jurisdiction for dissolution, winding-up or liquidation, or for the liquidation of its assets, or a receiver is appointed in respect of its assets, which order, filing or appointment is not rescinded within sixty (60) days; or

(f) proceedings are commenced by or against such Party under the laws of any jurisdiction relating to reorganization, arrangement or compromise.

7. REPRESENTATIONS AND WARRANTIES

The Parties hereby reiterate for the purposes of this Agreement those representations and warranties set forth in Article VI of the Separation Agreement.

8. CONFIDENTIALITY

Each of the Parties shall at all times be in full compliance with its obligations under Sections 11.07 and 11.08 (Confidentiality) of the Separation Agreement.

9. DISPUTE RESOLUTION

9.1 DISPUTES

The Master Agreement with respect to Dispute Resolution, effective on the Effective Date, among the Parties and other parties thereto shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) ("DISPUTES") between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby), or the commercial or economic relationship of the Parties relating hereto or thereto.

9.2 CONTINUING OBLIGATIONS

The existence of a Dispute with respect to this Agreement between the Parties shall not relieve either Party from performance of its obligations under this Agreement that are not the subject of such Dispute.

10. MISCELLANEOUS

10.1 CONSTRUCTION

The terms of Section 16.04 (Construction) of the Separation Agreement shall apply to this Agreement, mutatis mutandis, as if all references therein to the "Agreement" were deemed to be references to this Agreement.

10.2 NOTICES

All notices and other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) on the date of delivery, if delivered personally, (b) on the first Business Day following the date of dispatch if delivered by a

nationally recognized next-day courier service, (c) on the date of actual receipt if delivered by registered or certified mail, return receipt requested, postage prepaid or (d) if sent by facsimile transmission, when transmitted and receipt is confirmed by telephone. All notices hereunder shall be delivered as follows:

IF TO THE PURCHASER, TO:

NOVELIS INC.
Suite 3800
Royal Bank Plaza, South Tower
P.O. Box 84
200 Bay Street
Toronto, Ontario
M5J 2Z4
Fax: 416-216-3930

Attention: Chief Executive Officer

IF TO THE SUPPLIER, TO:

ALCAN INC.
1188 Sherbrooke Street West
Montreal, Quebec
H3A 3G2
Fax: 514-848-8115

Attention: Chief Legal Officer

Any Party may, by notice to the other Party, change the address or fax number to which such notices are to be given.

10.3 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

10.4 JUDGMENT CURRENCY

The obligations of a Party to make payments hereunder shall not be discharged by an amount paid in any currency other than Dollars, whether pursuant to a court judgment or arbitral award or otherwise, to the extent that the amount so paid upon

conversion to Dollars and transferred to an account indicated by the Party to receive such funds under normal banking procedures does not yield the amount of Dollars due, and each Party hereby, as a separate obligation and notwithstanding any such judgment or award, agrees to indemnify the other Party against, and to pay to such Party on demand, in Dollars, any difference between the sum originally due in Dollars and the amount of Dollars received upon any such conversion and transfer.

10.5 ENTIRE AGREEMENT

This Agreement, the Separation Agreement and schedules, exhibits, annexes and appendices hereto and thereto and the specific agreements contemplated herein or thereby, contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

10.6 CONFLICTS

In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail.

10.7 SEVERABILITY

If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.8 SURVIVAL

The obligations of the Parties under Sections 2.6, 2.7, 2.8, 8, 9, 10.3 and 10.8 and liability for the breach of any obligation contained herein shall survive the expiration or earlier termination of this Agreement.

10.9 EXECUTION IN COUNTERPARTS

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or

more counterparts have been signed by each of the Parties and delivered to the other Party.

10.10 AMENDMENTS

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.11 WAIVERS

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by Applicable Law.

10.12 NO PARTNERSHIP

Nothing contained herein or in the Agreement shall make a Party a partner of any other Party and no Party shall hold out the other as such.

10.13 TAXES, ROYALTIES AND DUTIES

All royalties, taxes and duties imposed or levied on any Molten Metal delivered hereunder (other than any taxes on the income of the Supplier) shall be for the account of and paid by the Purchaser.

10.14 LIMITATIONS OF LIABILITY

(a) Neither Party shall be liable to the other Party for any indirect, collateral, incidental, special, consequential or punitive damages, lost profit or failure to realize expected savings or other commercial or economic loss of any kind, howsoever caused, and on any theory of liability (including negligence) arising in any way out of this Agreement; provided, however, that the foregoing limitations shall not limit any Parties' indemnification obligations for Liabilities with respect to Third Party Claims as set forth Article IX of the Separation Agreement (as if such Article IX was set out in full herein by reference to the obligations of the Parties hereunder).

(b) Sections 9.04, 9.05, 9.06, 9.07 and 9.09 of the Separation Agreement shall apply mutatis mutandis with respect to any Liability subject to any indemnification or reimbursement pursuant to this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties hereto have caused this Molten Metal Supply Agreement to be executed by their duly authorized representatives.

NOVELIS INC.

By: /s/ Brian W. Sturgell

Name:

Title:

ALCAN INC.

By: /s/ David McAusland

Name:

Title:

EXECUTION COPY

(METAL SUPPLY AGREEMENT #3
SHEET INGOT - NORTH AMERICA)

EXHIBIT 10.4

METAL SUPPLY AGREEMENT

between

NOVELIS INC.

(as Purchaser)

and

ALCAN INC.

(as Supplier)

FOR THE SUPPLY OF SHEET INGOT IN NORTH AMERICA

DATED JANUARY 5, 2005 WITH EFFECT AS OF THE EFFECTIVE DATE]

TABLE OF CONTENTS

METAL SUPPLY AGREEMENT

THIS AGREEMENT entered into in the City of Montreal, Province of Quebec, is dated January _____, 2005, with effect as of the Effective Date.

BETWEEN: NOVELIS INC., a corporation incorporated under the Canada Business Corporations Act ("NOVELIS" or the "PURCHASER");

AND: ALCAN INC., a corporation organized under the Canada Business Corporations Act ("ALCAN" or the "SUPPLIER").

RECITALS:

WHEREAS Alcan and Novelis have entered into a Separation Agreement pursuant to which they set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined therein), such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS the Supplier wishes to supply, and the Purchaser wishes to purchase, subject to the terms and conditions of this Agreement, Metal (as defined below) required by the Purchaser at the Delivery Sites (as defined below).

WHEREAS the Parties have entered into this Agreement in order to set forth such terms and conditions.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

For the purposes of this Agreement, the following terms and expressions and variations thereof shall, unless another meaning is clearly required in the context, have the meanings specified or referred to in this Section 1.1:

"AFFECTED PARTY" has the meaning set forth in Section 3.1.

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" means this Metal Supply Agreement, including all of the Schedules hereto.

"ALCAN" means Alcan Inc.

"ALCAN GROUP" means Alcan and its Subsidiaries from time to time on and after the Effective Date.

"ANNUAL BASE QUANTITY" means

(i) in respect of Contract Year 1, *** Tonnes,

(ii) in respect of Contract Year 2, *** Tonnes,

- ----------
*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(iii) in respect of Contract Year 3, *** Tonnes (or such other quantity as may be specified in writing by Novelis prior to September 30, 2005, provided such quantity shall be greater than or equal to *** Tonnes and less than or equal to *** Tonnes), and

(iv) It is anticipated that the Parties will reach agreement on a new supply agreement superseding this agreement, effective starting the end of Contract Year 3. If the Parties fail to reach such an agreement, this contract will continue to be in force through the end of Contract Year ***, with the Annual Base Quantity for Contract Years *** being equal to the Annual Base Quantity of the prior Contract Year less a possible reduction equal to *** of the Contract Year 3 Annual Base Quantity. This reduction of Annual Base Quantity for Contract Years *** can be triggered unilaterally by either Party by providing written notice no later than 18 months prior to the start of the relevant Contract Year.

As an example, if the Annual Base Quantity for Contract Year *** is *** Tonnes, then the Annual Base Quantity for Contract Year *** will be equal to *** Tonnes unless either Supplier or Purchaser notifies the other Party by June 30 of Contract Year *** that it is triggering a reduction of *** Tonnes (***% of the Annual Base Quantity for Contract Year ***). In the latter case, the Annual Base Quantity for Contract Year *** would become *** Tonnes, subject to any reduction in accordance with Section 2.1(c).

"ANNUAL ORDER QUANTITY" means,

(i) in respect of Contract Year 1, a quantity greater than ***Tonnes and less than *** Tonnes,

(ii) in respect of Contract Year 2, a quantity greater than *** Tonnes and less than *** Tonnes,

(iii) in respect of Contract Year 3, a quantity greater than the Annual Base Quantity for Contract Year 3 minus *** Tonnes and less than the Annual Base Quantity for Contract Year 3 plus *** Tonnes, and

(iv) in respect of each Contract Year from and after Contract Year 4, to Contract Year ***, inclusive, a quantity greater than *** % of the Annual Base Quantity for such Contract Year and less than or equal to *** % of the Annual Base Quantity for such Contract Year,

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

which quantity, in each case, is notified by the Purchaser to the Supplier pursuant to Section 2.6(i).

"APPLICABLE LAW" means any applicable law, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"APPLICABLE LME DISCOUNT PERCENTAGE" means, for each of Contract Year 1 to Contract Year ***, inclusive, *** %, and for any Contract Year from and after Contract Year ***, such percentage as may be agreed to by the Parties in connection with any extension of the Term pursuant to Section 5.3.

"BILL OF LADING DATE" means the date of the bill of lading representing Metal cargo to be delivered under this Agreement.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the City of Montreal (Canada) or in the City of New York (United States), is a legal holiday, or (ii) a day on which banks are authorized by Applicable Law to close in the city of Montreal (Canada) or in the city of New York (United States).

"COMMERCIALLY REASONABLE EFFORTS" means the efforts that a reasonable and prudent Person desirous of achieving a business result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible in the context of commercial relations of the type contemplated in this Agreement; provided, however, that an obligation to use Commercially Reasonable Efforts under this Agreement does not require the Person subject to that obligation to assume any material obligations or pay any material amounts to a Third Party or take actions that would reduce the benefits intended to be obtained by such Person under this Agreement.

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"CONSULTATION PERIOD" has the meaning set forth in Section 2.5.

"CONTRACT PRICE" means, for each Tonne of Metal sold and purchased hereunder in any month, the aggregate of the following:

(i) the Midwest Price calculated for such month,

(ii) minus the Applicable LME Discount Percentage of the LME 3-Month Aluminum Price for such month,

(iii) plus the Product Premium in effect in such month,

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(iv) minus the Logistics Discount/Premium Amount applicable in such month (in case of supply to Oswego) or plus the Logistics Discount/Premium Amount applicable in such month (in case of supply to Logan),

(v) plus the Cut Premium, if any, applicable to such Metal, and

(vi) plus the Small Quantity Premium, if any, applicable to such Metal;

such amount shall be rounded upwards to the nearest Dollar.

"CONTRACT YEAR" means (a) initially the period commencing on the Effective Date and ending on the last day of the calendar year in which the Effective Date occurs (such initial period being "CONTRACT YEAR 1") and (b) thereafter, each successive period consisting of twelve calendar months (the first such period being "CONTRACT YEAR 2"), provided that the final Contract Year shall end on the last day of the Term.

"CPT" means, to the extent not inconsistent with the provisions of this Agreement, CPT as defined in Incoterms 2000, published by the ICC, Paris, France, as amended from time to time.

"CUT PREMIUM" means, in respect of each Tonne of Metal supplied hereunder, an amount equal to (i) $*** per Tonne for one butt, or (ii) $*** per Tonne for two butts; provided that Cut Premium is only applicable if the Purchaser has requested, in the Firm Order relating to the applicable supply of Metal, that the Supplier remove butts of the supplied Metal.

"DEFAULT INTEREST RATE" means the rate of interest charged by the Supplier from time to time on late payments in accordance with Supplier's normal commercial practice as indicated on invoices issued by Supplier to Purchaser hereunder.

"DEFAULTING PARTY" has the meaning set forth in Section 6.

"DELIVERY SITE" means any of the following facilities of the Purchaser, as specified, in respect of each shipment of Metal hereunder in the Firm Orders provided by the Purchaser hereunder:

(i) Oswego Plant, Oswego, New York;

(ii) Logan Aluminum, Russelville, Kentucky; or

(iii) such other facilities of the Purchaser as may be agreed to by the Supplier.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"DISPUTES" has the meaning set forth in Section 9.1.

"DOLLARS" or "$" means the lawful currency of the United States of America.

"EFFECTIVE DATE" means the "Effective Date" as defined in the Separation Agreement.

"ESTIMATED ANNUAL CAPACITY" has the meaning set out in Section 2.4(b)(i), subject to any adjustment pursuant to Section 2.5.

"ESTIMATED ANNUAL ORDER QUANTITY" has the meaning set out in Section 2.3(b)(i), subject to any adjustment pursuant to Section 2.5.

"ESTIMATED MONTHLY CAPACITY" has the meaning set out in Section 2.4(b)(ii), subject to any adjustment pursuant to Section 2.5.

"ESTIMATED MONTHLY CAPACITY UPDATE" has the meaning set forth in Section 2.7(a).

"ESTIMATED MONTHLY DEMAND" has the meaning set out in Section 2.3(b)(ii), subject to any adjustment pursuant to Section 2.5, Section 2.6(ii) or Section 2.7(b)(ii).

"EVENT OF DEFAULT" has the meaning set forth in Section 6.

"FIRM ORDER" has the meaning set forth in Section 2.7(b)(i).

"FORCE MAJEURE" has the meaning set forth in Section 3.2.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.

"ICC" means the International Chamber of Commerce.

"INCOTERMS 2000" means the set of international rules updated in the year 2000 for the interpretation of the most commonly used trade terms for foreign trade, as published by the ICC.

"LIABILITIES" has the meaning set forth in the Separation Agreement.

"LME 3-MONTH ALUMINUM PRICE" for any calendar month means the arithmetic average LME 3-Month seller's price for primary high grade aluminum, as published in Metal Bulletin on each day during the calendar month preceding such calendar month or as otherwise determined pursuant to Section 2.10(b). For avoidance of

doubt, the LME 3-Month Aluminum Price for the month of April will be based on aluminum prices published during the month of March.

"LME" means the London Metal Exchange.

"LOGISTICS DISCOUNT/PREMIUM AMOUNT" means, for each of Contract Year 1 to Contract Year ***, inclusive, (i) in respect of any supply to Oswego, a discount of $*** per Tonne and (ii) in respect of any supply to Logan, a surcharge of $***per Tonne, AND FOR ANY CONTRACT YEAR FROM AND AFTER CONTRACT YEAR ***, SUCH AMOUNT AS MAY BE AGREED TO BY THE PARTIES IN CONNECTION WITH ANY EXTENSION OF THE TERM PURSUANT TO SECTION 5.3.

"MAXIMUM ANNUAL SUPPLY OBLIGATION" means:

(i) in respect of Contract Year 1, *** Tonnes,

(ii) in respect of Contract Year 2, *** Tonnes,

(iii) in respect of Contract Year 3, Annual Base Quantity for Contract Year 3 plus ***Tonnes, and

(iv) in respect of each Contract Year from and after Contract Year 4 to Contract Year ***, inclusive, the maximum amount of the permitted range of the Annual Order Quantity for such Contract Year.

"METAL" means aluminum sheet ingot having the specifications set forth in SCHEDULE 2.

"MIDWEST PRICE" for any calendar month means the arithmetic average of the mid-west transaction prices for primary high grade aluminum, as published in Metals Week on each day during the calendar month preceding such calendar month or as otherwise determined pursuant to Section 2.10(b). As an example, the Midwest Price for the month of April will be based on metal prices published during the month of March.

"MINIMUM ANNUAL PURCHASE QUANTITY" means:

(i) in respect of Contract Year 1, *** Tonnes,

(ii) in respect of Contract Year 2, *** Tonnes,

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(iii) in respect of Contract Year 3, Annual Base Quantity for Contract Year 3 less ***Tonnes, and

(iv) in respect of each Contract Year from and after Contract Year 4 to Contract Year ***, inclusive, the minimum amount of the permitted range of the Annual Order Quantity for such Contract Year.

"MONTH M1" has the meaning set forth in Section 2.7(b)(i).

"MONTHLY OFFTAKE QUOTE" has the meaning set out in Section 2.7(b).

"NOVELIS" means Novelis Inc.

"NOVELIS GROUP" means Novelis Inc. and its Subsidiaries from time to time on and after the Effective Date.

"PARTY" means each of the Purchaser and the Supplier as a party to this Agreement and "PARTIES" means both of them.

"PERSON" means any individual, Business Concern or Governmental Authority.

"PRODUCT PREMIUM" means,

(i) in respect of Metal supplied hereunder from and after January 1, 2005 to June 30, 2005, the premiums set out in SCHEDULE 1;

(ii) in respect of Metal supplied hereunder during the period from and after July 1, 2005 to June 30, 2006, the premium identified in paragraph (i) above, subject to adjustment in accordance with the mechanism described in the second part of SCHEDULE 1, and

(iii) in respect of Metal supplied hereunder at any time from and after July 1, 2006, such amount, as adjusted on July 1 in each Contract Year by adding to the then applicable Product Premium an amount equal to such percentage of the then applicable Product Premium as is equal to 1/2 the percentage variation in the US PPI that has taken place between January 1 and December 31 in the immediately preceding calendar year,

provided that Product Premium payable in respect of Metal in the 5XXX alloy series will be adjusted on January 1, 2005, July 1, 2005 and January 1, 2006 based on actual magnesium prices paid by the Supplier during the six month period immediately preceding the date of adjustment (subject to the application of Section 2.10(c).

"PURCHASER" has the meaning set forth in the Preamble to this Agreement.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"SALES TAX" means any sales, use, consumption, goods and services, value added or similar tax, duty or charge imposed by a Governmental Authority pursuant to Applicable Law.

"SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.

"SMALL QUANTITY PREMIUM" means an amount payable in respect of supplies hereunder where the alloy size combination ordered by the Purchaser in any Firm Order is less than 100 Tonnes, as set out below:

For order sizes from *** $***/Tonne
For order sizes from *** $***/Tonne
For order sizes from *** $***/Tonne

The minimum order size shall be one cast, subject to satisfactory minimization by Purchaser of Firm Orders less than 100 Tonnes of items ordered less frequently than once a month.

"SPECIFICATIONS" means specifications for Metal as set out in SCHEDULE 2.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person.

"SUPPLIER" has the meaning set forth in the Preamble to this Agreement.

"SUPPLIER FACILITIES" means the facilities of the Supplier located in any of the following locations, to be selected at the Supplier's option:

(i) Laterriere,

(ii) Grande-Baie,

(iii) Becancour,

(iv) Kitimat,

(v) or such other locations as may be agreed to by the Purchaser in accordance with Section 2.1(b).

- ----------
*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"SUPPLY SCHEDULE" means in respect of each Contract Year, the notice of Estimated Annual Capacity for such Contract Year and Estimated Monthly Capacity in respect of each calendar month therein, delivered by the Supplier pursuant to Section 2.4(b).

"TERM" has the meaning set forth in Section 5.2.

"TERMINATING PARTY" has the meaning set forth in Section 6.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member or an Affiliate of Alcan Group or a member or an Affiliate of Novelis Group.

"THIRD PARTY CLAIM" has the meaning set forth in the Separation Agreement.

"TONNE" means 1,000 kilograms.

"US PPI" means the Producer Price Index for industrial commodities, as published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor.

1.2 CURRENCY

All references to currency herein are to Dollars unless otherwise specified.

1.3 VIENNA CONVENTION

The Parties agree that the terms of the United Nations Convention (Vienna Convention) on Contracts for the International Sale of Goods (1980) shall not apply to this Agreement or the obligations of the Parties hereunder.

2. METAL

2.1 SUPPLY AND SALE BY THE SUPPLIER

(a) Subject to the terms and conditions of this Agreement, beginning on the Effective Date and continuing throughout the Term of this Agreement, the Supplier shall supply and sell to the Purchaser "CPT the applicable Delivery Site" the quantities of Metal determined in accordance with this Agreement.

(b) The Supplier shall supply Metal from a Supplier Facility of the Supplier's choosing or from such other sources and locations as may be agreed by the Parties. If the Supplier wishes at any time to deliver Metal hereunder to the Purchaser from a source other than the facilities named in the definition of "Supplier Facilities" herein, it may do so provided such Metal complies with the Specifications and the Purchaser has confirmed in writing that the source of such Metal is acceptable to it. The Purchaser shall act reasonably in providing such confirmation.

(c) The quantity of Metal which the Purchaser agrees to purchase and the Supplier agrees to supply hereunder shall be subject to reduction on a pro rata basis in the event the Supplier provides notice to the Purchaser that one of the Supplier Facilities owned by the Supplier has been temporarily or permanently shut down by the Supplier, provided such shut down has occurred as a result of a good faith decision by the Supplier that the continued operation of such Supplier Facility would be uneconomic or otherwise unviable or non value-maximizing for the Supplier. This reduction shall be for such quantity as may be agreed by the Parties and, failing agreement, shall be for such quantity as is equal to the Estimated Annual Capacity for the applicable Contract Year multiplied by the annual reduction capacity of the Supplier Facilities that have been shut down, and divided by the total annual production capacity of all Supplier Facilities before giving effect to the shutdown.

Annual Base Quantity for the relevant Contract Years and other related volume levels will be adjusted accordingly. Any reduction pursuant to this section 2.1(c) in the Supplier's obligation to supply Metal shall only take effect 18 months after Supplier has provided notice thereof to Purchaser.

Likewise, should the Purchaser decide to shut down any of its facilities being supplied under this Agreement, Purchaser will be entitled to reduce Annual Base Quantities in a similar manner and with the same 18-month notice to Supplier.

2.2 PURCHASE BY THE PURCHASER

Subject to the terms and conditions of this Agreement, beginning on the Effective Date and continuing throughout the Term of this Agreement, the Purchaser shall purchase and take delivery from the Supplier "CPT the applicable Delivery Site" the quantities of Metal determined in accordance with this Agreement.

2.3 NOTIFICATION OF ESTIMATED QUANTITIES OF METAL REQUIRED BY THE PURCHASER

(a) The Purchaser agrees to purchase and the Supplier agrees to supply, in each Contract Year, in accordance with the terms hereof, a quantity of Metal which is no less than the Minimum Annual Purchase Quantity for such Contract Year.

(b) With respect to the purchase of Metal hereunder in any Contract Year, the Purchaser shall provide to the Supplier no later than on September 1 of the Contract Year preceding such Contract Year:

(i) an estimate, in Tonnes, of the Annual Order Quantity (the "ESTIMATED ANNUAL ORDER QUANTITY" for such Contract Year); and

(ii) an estimate, in Tonnes, of the quantity of Metal required for each month in such Contract Year (the "ESTIMATED MONTHLY DEMAND"), provided

(1) the amount for each month shall be less than or equal to ***% of the Estimated Annual Order Quantity for such Contract Year divided by 12, and greater than or equal to ***% (or, for no more than 2 months, ***%), of the Estimated Annual Order Quantity divided by 12, and (2) the aggregate of the Estimated Monthly Demand amounts for all months in such Contract Year shall equal the Estimated Annual Order Quantity notified pursuant to paragraph (i) above.

The Estimated Annual Order Quantity for Contract Year 1 and the Estimated Monthly Demand for each month in Contract Year 1, are set out in SCHEDULE 3.

2.4 NOTIFICATION OF ESTIMATED QUANTITIES OF METAL SUPPLIED BY THE SUPPLIER

(a) The Supplier shall have no obligation to supply Metal in a Contract Year in excess of the Maximum Annual Supply Obligation for such Contract Year, unless otherwise agreed by the Parties hereto.

(b) With respect to the supply of Metal hereunder in any Contract Year, the Supplier shall provide to the Purchaser no later than September 15 of the Contract Year preceding such Contract Year:

(i) an estimate, in Tonnes, of the Supplier's supply capacity of Metal for such Contract Year (the "ESTIMATED ANNUAL CAPACITY"), which amount shall be greater than or equal to the Maximum Annual Supply Obligation for such Contract Year, and

(ii) an estimate, in Tonnes, of the Supplier's supply capacity of Metal for each month in such Contract Year (the "ESTIMATED MONTHLY CAPACITY"), provided that the Estimated Monthly Capacity in respect of each month shall be equal to or greater than the Estimated Monthly Demand for such month notified by the Purchaser in accordance with Section 2.3(b)(ii).

In determining the Estimated Annual Capacity and the Estimated Monthly Capacity, in each case, the Supplier shall take into account actual operating days in the relevant Contract Year or month, as applicable (taking into account planned shutdowns of the Supplier Facilities), existing commitments of the Supplier for supply to other Persons, and seasonal factors affecting the Supplier's capacity.

The Estimated Annual Capacity for Contract Year 1 and the Estimated Monthly Capacity for each month in Contract Year 1 are set out in SCHEDULE 3.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

2.5 CHANGES TO ESTIMATES

In respect of the purchase and supply of Metal hereunder in any Contract Year, the Purchaser and Supplier agree to consult during the period September 1 to October 31 in the year preceding such Contract Year (the "CONSULTATION PERIOD") with respect to offtake and capacity issues effecting the estimates of purchase requirements and supply capacity provided by the Purchaser and Supplier, respectively, pursuant to Sections 2.3 and 2.4. During such Consultation Period the Purchaser may propose to purchase a quantity of Metal in such Contract Year in excess of the Maximum Annual Supply Obligation for such Contract Year and/or to modify the Estimated Annual Order Quantity or Estimated Monthly Demand amounts notified by the Purchaser in respect of such Contract Year, provided that the Supplier shall be under no obligation to agree to such proposal by the Purchaser. During such Consultation Period the Supplier may propose a revised Supply Schedule provided that the Purchaser shall be under no obligation to agree to such revised Supply Schedule, and the Supplier shall be under no obligation to comply with the terms of such revised Supply Schedule, unless the Parties agree to such changes. The Parties shall consult and negotiate in good faith during the Consultation Period with respect to any such matters proposed by the Purchaser or Supplier, as applicable, and will discuss planned maintenance shutdowns at any of the Delivery Sites or the Supplier Facilities and if possible, schedule down-time events relating to such plant maintenance shutdowns for times which are mutually agreeable to the Purchaser and the Supplier with a view to avoiding production disruption at the Supplier Facilities or inventory build-ups at any of the Supplier Facilities or the Delivery Sites.

2.6 NOTIFICATION OF ANNUAL ORDER QUANTITY

In respect of the purchase and supply of Metal hereunder in any Contract Year, the Purchaser shall deliver to the Supplier on or before October 31 in the year preceding such Contract Year, a notice setting forth:

(i) the firm Annual Order Quantity for such Contract Year, which shall be no less than the Minimum Annual Purchase Quantity calculated for such Contract Year, and

(ii) the Estimated Monthly Demand (which may be updated from the amount notified pursuant to Section 2.3(b)(ii)) for each month in such Contract Year provided (1) such amount in respect of each month shall be less than or equal to ***% of the Annual Order Quantity for such Contract Year divided by 12, and greater than or equal to ***% (or ***% for no more than 2 months) of the Annual Order Quantity for such Contract Year divided by 12, and (2) such amount in respect of any month does

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

not exceed the Estimated Monthly Capacity notified by the Supplier in respect of such month pursuant to Section 2.4(b)(ii) (as such amount may be adjusted pursuant to Section 2.5).

2.7 MONTHLY QUANTITY MANAGEMENT

(a) Throughout the Term of this Agreement, by the first day of each month (and if such day is not a Business Day, on the Business Day immediately preceding such day), the Supplier shall notify the Purchaser of its updated Estimated Monthly Capacity for each month (including the month in which such notice is delivered) of the then current Contract Year (such amount referred to as the "ESTIMATED MONTHLY CAPACITY UPDATE"), which Estimated Monthly Capacity Update:

(i) shall not be subject to adjustment in excess of +/- 5% by the Supplier in respect of the first three months in respect of which such notice is sent, such that the amount notified in respect of such months may not be reduced or increased by more than 5% in subsequent Estimated Monthly Capacity Updates delivered under this Section 2.7;

(ii) shall be an indicative amount for each of the remaining months in the then current Contract Year included in such notification, which amount may be modified in future Estimated Monthly Capacity Updates delivered pursuant to this Section 2.7; and

(iii) shall be, in respect of each month, equal to or greater than the Estimated Monthly Demand most recently notified by the Purchaser in respect of such month pursuant to Section 2.6 (subject to any adjustment pursuant to Section 2.5).

(b) Throughout the Term of this Agreement by the 15th day of each month (and if such day is not a Business Day, on the Business Day immediately preceding such 15th day), the Purchaser shall provide to the Supplier a notice (referred to as the "MONTHLY OFFTAKE QUOTE") setting forth the following:

(i) the quantity of Metal which the Purchaser commits to purchase hereunder in the next succeeding month ("MONTH M1"), which quantity, shall be greater than or equal to ***% (or ***% for no more than 2 months) of the Annual Order Quantity for the Contract Year in which Month M1 takes place divided by 12, and less than or equal to ***% of the Annual Order Quantity for the Contract Year in which Month M1 takes place divided by 12, and identifying the Delivery Site or Delivery Sites to

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

which such Metal should be delivered (which notification in respect of Month M1 is referred to herein as the "FIRM ORDER" for such month), and the Purchaser hereby agrees that it shall purchase from the Supplier in Month M1 a quantity of Metal which is no less than ***% of the quantity identified in the Firm Order, and no more than ***% than the quantity identified in such Firm Order;

(ii) an updated Estimated Monthly Demand for each month subsequent to Month M1 occurring in the Contract Year in which Month M1 occurs, which updated amount:

(1) shall be greater than or equal to ***% (or ***% for no more than 2 months) of the Annual Order Quantity for the Contract Year in which such month takes place divided by 12, and less than or equal to ***% of the Annual Order Quantity for the Contract Year in which such month takes place divided by 12; and

(2) when aggregated with all quantities of Metal actually purchased by the Purchaser hereunder in all months prior to Month M1 occurring in the same Contract Year, shall be no less than the Minimum Annual Purchase Quantity in respect of such Contract Year,

provided that the Firm Order for Month M1 and each Estimated Monthly Demand for each subsequent month shall be no more than the Estimated Monthly Capacity Update most recently notified by the Supplier in respect of such month.

2.8 WEEKLY QUANTITY MANAGEMENT

The Parties shall cooperate in coordinating capacity demand and shipments within each calendar month. Supplier's weekly capacity shall, absent normal course capacity constraints, be within the range of ***% to ***% of 1/4 of the Estimated Monthly Capacity Update last provided by the Supplier hereunder in respect of the month containing the relevant week.

2.9 SUPPLIER'S SHIPPING OBLIGATIONS

(a) The Supplier shall supply to the Purchaser, in accordance with the terms hereof, in each month, such quantity of Metal as is identified by the Purchaser in respect of such calendar month in the Firm Order for such month delivered by the Purchaser in accordance with Section 2.7(b)(i).

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(b) Notwithstanding the provisions of Incoterms 2000 and Section 2.13, the Supplier acknowledges its responsibility to make all necessary arrangements for the transportation of Metal to the Delivery Site on behalf of the Purchaser. The Supplier shall act as the disclosed agent of the Purchaser in entering into contracts for hiring carriers for the shipment of Metal under this Agreement. In doing this, the Supplier shall use Commercially Reasonable Efforts to obtain competitive freight rates and shall consult with the Purchaser before entering into any long term contracts for hiring carriers on behalf of the Purchaser. The Supplier shall use Commercially Reasonable Efforts to ensure that such transportation is suitable for delivering the Metal to the Delivery Site.

(c) The Supplier undertakes to maintain the same practices and levels of service in respect of shipments of Metal hereunder consistent with its past and current practices. The Supplier undertakes to ensure that any shipments of Metal supplied hereunder:

(i) to the Purchaser's facilities at Oswego Plant, Oswego, New York, may be made by rail to an intermediate point (which may be Brockville, Ontario), with onward shipment to such Delivery Site by truck; and

(ii) to the Purchaser's facilities at the Logan Aluminum Plant, Russellville, Kentucky, may made by either rail or truck in accordance with current practice. Changes to current practice require mutual agreement.

(d) Matters regarding shipment and delivery performance hereunder shall be governed by the provisions of SCHEDULE 4.

2.10 PRICE

(a) The price payable by the Purchaser to the Supplier for each Tonne of Metal sold and purchased pursuant to Sections 2.1 and 2.2 shall be the Contract Price. The date used for calculating the Contract Price for any shipment of Metal shall be the Bill of Lading Date.

(b) In the event that (i) LME ceases or suspends trading in aluminum, (ii) Metal Week ceases to be published or ceases to publish the relevant reference price for determining the Midwest Price, or (iii) Metal Bulletin ceases to be published or ceases publication of the relevant reference price for determining the LME 3-Month Aluminum Price, the Parties shall meet with a view to agreeing on an alternative publication or, as applicable, reference price. If the Parties fail to reach an agreement within sixty (60) days of any Party having notified the other to enter into discussions to agree to an alternative publication or reference price, then the Chairman of the LME in London, England or his nominee shall be requested to select a suitable reference in lieu thereof and an appropriate amendment to the terms of this Section 2.10. The decision of the Chairman or his nominee shall be final and binding on the Parties.

(c) The Purchaser shall be entitled to request a review by an independent external auditor of the Supplier's cost data used to calculate adjustments made to the Product Premium based on actual magnesium prices paid by the Supplier, which review shall be carried out on a confidential basis with no disclosure of such cost data to the Purchaser. Subject to the Supplier being satisfied, acting reasonably, with the arrangements in place to ensure the confidentiality of the cost data disclosed to such external auditors, the Supplier shall make such data available to such external auditors to enable such review.

2.11 QUALITY

(a) Metal supplied under this Agreement shall comply with the Specifications set forth in SCHEDULE 2. The Supplier shall use Commercially Reasonable Efforts to notify the Purchaser prior to shipment of any Metal that does not meet Specifications. The Purchaser shall not be required to accept delivery of any Metal that does not meet Specifications. If the Purchaser does not accept delivery of Metal not meeting Specifications, the Supplier's obligation shall be limited to the assumption of all costs for return of such Metal to the Supplier, and for the delivery of replacement Metal to the Purchaser. All other express or implied warranties, conditions and other terms relating to Metal hereunder, including warranties relating to merchantability or fitness for a particular purpose, are hereby excluded to the fullest extent permitted by Applicable Law.

(b) If the Specifications for Metal supplied by the Supplier change, the Supplier may propose that the Specifications set forth in SCHEDULE 2 be amended to reflect such changes. If the revised Specifications do not result in increased costs for the processing of such Metal by the Purchaser, the Purchaser shall not unreasonably withhold or delay its consent to such changed specifications.

2.12 PAYMENT

(a) The Purchaser shall pay the Supplier in full, in accordance with Supplier's commercial invoice, for each shipment of Metal meeting the Specifications set out in Schedule 2 or otherwise accepted by Purchaser. Payment shall be made every 14 days commencing February 14, 2005 (each a "Payment Date"), or if such day is not a Business Day, then on the immediately following Business Day. Payment shall be made on each Payment Date in respect of all invoices issued not later than 31 days prior to such payment date and not previously paid, with invoices issued after such date being payable on the next following Payment Date.

(b) If the Purchaser believes that a shipment of Metal does not meet the Specifications set out in SCHEDULE 2 and has rejected such shipment in a timely manner in accordance with the terms hereof, it need not pay the invoice. However, if the Purchaser subsequently accepts that the Metal complies with

the Specifications set out in SCHEDULE 2, the Purchaser shall pay the invoice and, if payment is overdue pursuant to Section 2.12(a) above, interest in accordance with Section 2.12(c).

(c) If any payment required to be made pursuant to Section 2.12(a) above is overdue, the full amount shall bear interest at a rate per annum equal to the Default Interest Rate calculated on the actual number of days elapsed, accrued from and excluding the date on which such payment was due, up to and including the actual date of receipt of payment in the nominated bank or banking account.

(d) All amounts paid to the Supplier or the Purchaser hereunder shall be paid in Dollars by wire transfer in immediately available funds or by ACH to the account specified by the Supplier or Purchaser, as applicable, by notice from time to time by one Party to the other hereunder.

(e) If any Party fails to purchase or supply, as applicable, any quantity of Metal in any month as required under the terms of this Agreement, such Party shall be liable to the other Party for all direct damages, losses and costs resulting from such failure, provided that such other Party shall use its Commercially Reasonable Efforts to mitigate such damages, losses and costs.

2.13 DELIVERY

Metal shall be delivered CPT the Delivery Site identified in each Firm Order. The delivery of Metal pursuant to this Section 2.13 shall be governed by Incoterms 2000, as amended from time to time.

2.14 TITLE AND RISK OF LOSS

Title to and risk of damage to and loss of Metal shall pass to the Purchaser as the Metal is delivered by the Supplier to the carrier.

2.15 PURCHASER AS PRINCIPAL

Purchaser warrants that all Metal to be purchased hereunder shall be purchased for Purchaser's own consumption. Purchaser agrees that it shall not re-sell or otherwise make available to any Person any Metal purchased from the Supplier hereunder, other than in respect of transactions undertaken in small quantities by the Purchaser to balance purchases or Purchaser's metal position.

3. FORCE MAJEURE

3.1 EFFECT OF FORCE MAJEURE

No Party shall be liable for any loss or damage that arises directly or indirectly through or as a result of any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a Party) under this Agreement where the delay or failure is due to Force Majeure. The obligations of the Party affected by the event of Force Majeure (the "AFFECTED PARTY") shall be suspended, to the extent that those obligations are affected by the event of Force Majeure, from the date the Affected Party first gives notice in respect of that event of Force Majeure until cessation of that event of Force Majeure (or the consequences thereof).

3.2 DEFINITION

"FORCE MAJEURE" shall mean any act, occurrence or omission (or other event), subsequent to the commencement of the Term hereof, which is beyond the reasonable control of the Affected Party including, but not limited to: fires, explosions, accidents, strikes, lockouts or labour disturbances, floods, droughts, earthquakes, epidemics, seizures of cargo, wars (whether or not declared), civil commotion, acts of God or the public enemy, action of any government, legislature, court or other Governmental Authority, action by any authority, representative or organisation exercising or claiming to exercise powers of a government or Governmental Authority, compliance with Applicable Law, blockades, power failures or curtailments, inadequacy or shortages or curtailments or cessation of supplies of raw materials or other supplies, failure or breakdown of equipment of facilities, the invocation of Force Majeure by any party to an agreement under which any Party's operations are affected, and any declaration of Force Majeure by the facility producing the Metal, or any other event beyond the reasonable control of the Parties whether or not similar to the events or occurrences enumerated above. In no circumstances shall problems with making payments constitute Force Majeure.

3.3 NOTICE

Upon the occurrence of an event of Force Majeure, the Affected Party shall promptly give notice to the other Party hereto setting forth the details of the event of Force Majeure and an estimate of the likely duration of the Affected Party's inability to fulfil its obligations under this Agreement. The Affected Party shall use Commercially Reasonable Efforts to remove the said cause or causes and to resume, with the shortest possible delay, compliance with its obligations under this Agreement provided that the Affected Party shall not be required to settle any strike, lockout or labour dispute on terms not acceptable to it. When the said cause or causes have ceased to exist, the Affected Party shall promptly give notice to the other Party that such cause or causes have ceased to exist.

3.4 PRO RATA ALLOCATION

If the Supplier's supply of any Metal to be delivered to the Purchaser is stopped or disrupted by an event of Force Majeure, the Supplier shall have the right to allocate its available supplies of such Metal, if any, among any or all of its existing customers whether or not under contract, in a fair and equitable manner. In addition, where the Supplier is the Affected Party, it may (but shall not be required to) offer to supply, from another source, Metal of similar quality in substitution for the Metal subject to the event of Force Majeure to satisfy that amount which would have otherwise been sold and purchased hereunder at a price which may be more or less than the price hereunder.

3.5 CONSULTATION

Within thirty (30) days of the cessation of the event of Force Majeure, the Parties shall consult with a view to reaching agreement as to the Supplier's obligation to provide, and the Purchaser's obligation to take delivery of, that quantity of Metal that could not be sold and purchased hereunder because of the event of Force Majeure, provided that any such shortfall quantity has not been replaced by substitute Metal pursuant to the terms above.

In the absence of any agreement by the Parties, failure to deliver or accept delivery of Metal which is excused by or results from the operation of the foregoing provisions of this Section 3 shall not extend the Term of this Agreement and the quantities of Metal to be sold and purchased under this Agreement shall be reduced by the quantities affected by such failure.

3.6 TERMINATION

(a) If an event of Force Majeure where the Affected Party is the Purchaser shall continue for more than twelve (12) consecutive calendar months, then the Supplier shall have the right to terminate this Agreement.

(b) If an event of Force Majeure where the Affected Party is the Supplier shall continue for more than twelve (12) consecutive calendar months, then the Purchaser shall have the right to terminate this Agreement.

4. ASSIGNMENT

4.1 PROHIBITION ON ASSIGNMENTS

No Party shall assign or transfer this Agreement, in whole or in part, or any interest or obligation arising under this Agreement except as permitted by Section 4.2, without the prior written consent of the other Party.

4.2 ASSIGNMENT WITHIN ALCAN GROUP OR NOVELIS GROUP

(a) With the consent of Novelis, such consent not to be unreasonably withheld or delayed, Alcan may elect to have one or more of the Persons comprising the Alcan Group assume the rights and obligations of the Supplier under this Agreement, provided that

(i) Alcan shall remain fully liable for all obligations of the Supplier hereunder, and

(ii) the transferee will remain at all times a member of the Alcan Group;

any such successor to Alcan as a Supplier under this Agreement shall be deemed to be the "SUPPLIER" for all purposes of the Agreement.

(b) With the consent of Alcan, such consent not to be unreasonably withheld or delayed, Novelis may elect to have one or more of the Persons comprising the Novelis Group assume the rights and obligations of the Purchaser under this Agreement, provided that

(i) Novelis shall remain fully liable for all obligations of the Purchaser hereunder, and

(ii) the transferee will remain at all times a member of the Novelis Group;

any such successor to Novelis as Purchaser under this Agreement shall be deemed to be the "PURCHASER" for all purposes of this Agreement.

5. TERM AND TERMINATION

5.1 EFFECTIVENESS

This Agreement shall come into effect upon the Effective Date.

5.2 TERM

The term of this Agreement (the "TERM") shall be from the Effective Date until ***, unless terminated earlier or extended pursuant to the provisions of this Agreement.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

5.3 EXTENSION

One year prior to the expiration of the Term, the Parties may, upon the request of any Party, meet to negotiate in good faith a possible extension of the Term for a further period on terms to be mutually agreed (including in respect of quantities and price of Metal to be purchased and supplied hereunder). If no such agreement is reached between the Parties, the Agreement shall terminate upon expiry of the Term.

5.4 TERMINATION

This Agreement shall terminate:

(a) upon expiry of the Term;

(b) upon the mutual agreement of the Parties prior to the expiry of the Term;

(c) pursuant to Section 3.6 as a result of Force Majeure; or

(d) upon the occurrence of an Event of Default, in accordance with Section 6.

6. EVENTS OF DEFAULT

This Agreement may be terminated in its entirety immediately at the option of a Party (the "TERMINATING PARTY"), in the event that an Event of Default occurs in relation to the other Party (the "DEFAULTING PARTY"), and such termination shall take effect immediately upon the Terminating Party providing notice to the Defaulting Party of the termination.

For the purposes of this Agreement, each of the following shall individually and collectively constitute an "EVENT OF DEFAULT" with respect to a Party:

(a) such Party defaults in payment of any payments which are due and payable by it pursuant to this Agreement, and such default is not cured within thirty (30) days following receipt by the Defaulting Party of notice of such default;

(b) such Party breaches any of its material obligations pursuant to this Agreement (other than as set out in paragraph (a) above), and fails to cure it within sixty (60) days after receipt of notice from the non-defaulting Party specifying the default with reasonable detail and demanding that it be cured, provided that if such breach is not capable of being cured within sixty (60) days after receipt of such notice and the Party in default has diligently pursued efforts to cure the default within the sixty (60) day period, no Event of Default under this paragraph (b) shall occur;

(c) such Party breaches any material representation or warranty, or fails to perform or comply with any material covenant, provision, undertaking or obligation in or of the Separation Agreement;

(d) in relation to the Purchaser (1) upon the occurrence of a Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.03(b) of the Separation Agreement and pursuant to this paragraph of this Agreement, or (2) upon the occurrence of a Change of Control Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.04(e) of the Separation Agreement, in which event the termination of this Agreement shall be effective immediately upon Alcan providing Novelis notice pursuant to Section 14.03(b) or Section 14.04(e) of the Separation Agreement;

(e) such Party (i) is bankrupt or insolvent or takes the benefit of any statute in force for bankrupt or insolvent debtors, or (ii) files a proposal or takes any action or proceeding before any court of competent jurisdiction for dissolution, winding-up or liquidation, or for the liquidation of its assets, or a receiver is appointed in respect of its assets, which order, filing or appointment is not rescinded within sixty (60) days; or

(f) proceedings are commenced by or against such Party under the laws of any jurisdiction relating to reorganization, arrangement or compromise.

7. REPRESENTATIONS AND WARRANTIES

The Parties hereby reiterate for the purposes of this Agreement those representations and warranties set forth in Article VI of the Separation Agreement.

8. CONFIDENTIALITY

Each of the Parties shall at all times be in full compliance with its obligations under Sections 11.07 and 11.08 (Confidentiality) of the Separation Agreement.

9. DISPUTE RESOLUTION

9.1 DISPUTES

The Master Agreement with respect to Dispute Resolution, effective on the Effective Date, among the Parties and other parties thereto shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) ("DISPUTES") between the Parties that may arise out of, or relate to, or arise under or

in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby), or the commercial or economic relationship of the Parties relating hereto or thereto.

9.2 CONTINUING OBLIGATIONS

The existence of a Dispute with respect to this Agreement between the Parties shall not relieve either Party from performance of its obligations under this Agreement that are not the subject of such Dispute.

10. MISCELLANEOUS

10.1 CONSTRUCTION

The terms of Section 16.04 (Construction) of the Separation Agreement shall apply to this Agreement, mutatis mutandis, as if all references therein to the "Agreement" were deemed to be references to this Agreement.

10.2 NOTICES

All notices and other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) on the date of delivery if delivered personally, (b) on the first Business Day following the date of dispatch if delivered by a nationally recognized next-day courier service, (c) on the date of actual receipt if delivered by registered or certified mail, return receipt requested, postage prepaid or (d) if sent by facsimile transmission, when transmitted and receipt is confirmed by telephone. All notices hereunder shall be delivered as follows:

IF TO THE PURCHASER, TO:

NOVELIS INC.
Suite 3800
Royal Bank Plaza, South Tower
P.O. Box 84
200 Bay Street
Toronto, Ontario
M5J 2Z4

Fax: 416-216-3930

Attention: Chief Executive Officer

IF TO THE SUPPLIER, TO:

ALCAN INC.
1188 Sherbrooke Street West
Montreal, Quebec
H3A 3G2
Fax: 514-848-8115

Attention: Chief Legal Officer

Any Party may, by notice to the other Party, change the address or fax number to which such notices are to be given.

10.3 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

10.4 JUDGMENT CURRENCY

The obligations of a Party to make payments hereunder shall not be discharged by an amount paid in any currency other than Dollars, whether pursuant to a court judgment or arbitral award or otherwise, to the extent that the amount so paid upon conversion to Dollars and transferred to an account indicated by the Party to receive such funds under normal banking procedures does not yield the amount of Dollars due, and each Party hereby, as a separate obligation and notwithstanding any such judgment or award, agrees to indemnify the other Party against, and to pay to such Party on demand, in Dollars, any difference between the sum originally due in Dollars and the amount of Dollars received upon any such conversion and transfer.

10.5 ENTIRE AGREEMENT

This Agreement, the Separation Agreement and schedules, exhibits, annexes and appendices hereto and thereto and the specific agreements contemplated herein or thereby, contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

10.6 CONFLICTS

In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail.

10.7 SEVERABILITY

If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.8 SURVIVAL

The obligations of the Parties under Sections 2.10, 2.11, 2.12, 8, 9, 10.3 and 10.8 and liability for the breach of any obligation contained herein shall survive the expiration or earlier termination of this Agreement.

10.9 EXECUTION IN COUNTERPARTS

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

10.10 AMENDMENTS

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.11 WAIVERS

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by Applicable Law.

10.12 NO PARTNERSHIP

Nothing contained herein or in the Agreement shall make a Party a partner of any other Party and no Party shall hold out the other as such.

10.13 TAXES, ROYALTIES AND DUTIES

All royalties, taxes and duties imposed or levied on any Metal delivered hereunder (other than any taxes on the income of the Supplier) shall be for the account of and paid by the Purchaser.

10.14 LIMITATIONS OF LIABILITY

(a) Neither Party shall be liable to the other Party for any indirect, collateral, incidental, special, consequential or punitive damages, lost profit or failure to realize expected savings or other commercial or economic loss of any kind, howsoever caused, and on any theory of liability (including negligence) arising in any way out of this Agreement; provided, however, that the foregoing limitations shall not limit any Parties' indemnification obligations for Liabilities with respect to Third Party Claims as set forth Article IX of the Separation Agreement (as if such Article IX was set out in full herein by reference to the obligations of the Parties hereunder).

(b) Sections 9.04, 9.05, 9.06, 9.07 and 9.09 of the Separation Agreement shall apply mutatis mutandis with respect to any Liability subject to any indemnification or reimbursement pursuant to this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties hereto have caused this Metal Supply Agreement to be executed by their duly authorized representatives.

NOVELIS INC.

By: /s/ Brian W. Sturgell

Name:

Title:

ALCAN INC.

By: /s/ David McAusland

Name:

Title:

EXHIBIT 10.5

EXECUTION COPY

(METAL SUPPLY AGREEMENT #4
SHEET INGOT - EUROPE)

METAL SUPPLY AGREEMENT

between

NOVELIS INC.

(as Purchaser)

and

ALCAN INC.

(as Supplier)

FOR THE SUPPLY OF SHEET INGOT IN EUROPE

DATED JANUARY 5, 2005, WITH EFFECT AS OF THE EFFECTIVE DATE

TABLE OF CONTENTS

METAL SUPPLY AGREEMENT

THIS AGREEMENT entered into in the City of Montreal, Province of Quebec, is dated January _____, 2005, with effect as of the Effective Date.

BETWEEN: NOVELIS INC., a corporation incorporated under the Canada Business Corporations Act ("NOVELIS" or the "PURCHASER");

AND: ALCAN INC., a corporation organized under the Canada Business Corporations Act ("ALCAN" or the "SUPPLIER").

RECITALS:

WHEREAS Alcan and Novelis have entered into a Separation Agreement pursuant to which they set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined therein), such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS the Supplier and its Affiliates wish to supply, and the Purchaser and its Affiliates wish to purchase, subject to the terms and conditions of this Agreement, Metal (as defined below) required by the Purchaser and its Affiliates at the Delivery Sites (as defined below).

WHEREAS the Parties have entered into this Agreement as principals and as agents for their Subsidiaries in order to set forth such terms and conditions.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

For the purposes of this Agreement, the following terms and expressions and variations thereof shall, unless another meaning is clearly required in the context, have the meanings specified or referred to in this Section 1.1:

"AFFECTED PARTY" has the meaning set forth in Section 3.1.

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" means this Metal Supply Agreement, including all of the Schedules hereto.

"ALCAN" means Alcan Inc.

"ALCAN GROUP" means Alcan Inc. and its Subsidiaries from time to time on and after the Effective Date.

"ANNUAL BASE QUANTITY" means

(i) in respect of Contract Year 1, ***Tonnes,

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(ii) in respect of Contract Year 2, *** Tonnes,

(iii) in respect of Contract Year 3, *** Tonnes, and

(iv) It is anticipated that the Parties will reach agreement on a new supply agreement superseding this agreement, effective starting the end of Contract Year 3. If the Parties fail to reach such an agreement, this contract will continue to be in force through the end of Contract Year *** , with the Annual Base Quantity for Contract Years *** being equal to the Annual Base Quantity of the prior Contract Year less a possible reduction equal to *** % of the Contract Year 3 Annual Base Quantity. This reduction of Annual Base Quantity for any of Contract Years *** can be triggered unilaterally by either Party by providing written notice no later than 18 months prior to the start of the relevant Contract Year.

As an example, the Annual Base Quantity for Contract Year *** will be equal to *** Tonnes (the Annual Base Quantity for contract year *** , assuming no volume reductions pursuant to Section 2.1(c)) unless either Supplier or Purchaser notifies the other Party by June 30 of Contract Year 2 that it is triggering a reduction of *** Tonnes (*** % of the Annual Base Quantity for Contract Year 3). In the latter case, the Annual Base Quantity for Contract Year *** would become *** Tonnes. "ANNUAL ORDER QUANTITY" means, in respect of any Contract Year, an amount in Tonnes, which is equal to or greater than *** % of the Annual Base Quantity for such Contract Year, and less than or equal to the Annual Base Quantity for such Contract Year, unless otherwise agreed by the Parties, which amount is notified by the Purchaser to the Supplier pursuant to Section 2.6.

"APPLICABLE LAW" means any applicable law, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"APPLICABLE LME DISCOUNT PERCENTAGE" means, for each of *** , inclusive, *** %, and for any Contract Year from and after *** , such percentage as may be agreed by the Parties in connection with any extension of the Term pursuant to Section 5.3.

"BILL OF LADING DATE" means the date of the bill of lading representing Metal cargo to be delivered under this Agreement.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the City of London, Frankfurt or Zurich is a legal holiday, or (ii) a day on which banks are authorized by Applicable Law to close in the City of London, Frankfurt or Zurich.

"CIP" means, to the extent not inconsistent with the provisions of this Agreement, CIP as defined in Incoterms 2000, published by the ICC, Paris, France, as amended from time to time.

"COMMERCIALLY REASONABLE EFFORTS" means the efforts that a reasonable and prudent Person desirous of achieving a business result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible in the context of commercial relations of the type contemplated in this Agreement; provided, however, that an obligation to use Commercially Reasonable Efforts under this Agreement does not require the Person subject to that obligation to assume any material obligations or pay any material amounts to a Third Party or take actions that would reduce the benefits intended to be obtained by such Person under this Agreement.

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"CONSULTATION PERIOD" has the meaning set forth in Section 2.5.

"CONTRACT PRICE" means, for each Tonne of Metal sold and purchased hereunder in any month:

(a) in respect of Metal supplied to a Delivery Site outside of the United Kingdom from a Supplier Facility located inside Continental Europe,the aggregate of the following:

  (i) the LME 3-Month Aluminum Price for the month preceding the month of the Bill of Lading Date;

  (ii) minus the Applicable LME Discount Percentage of the LME 3-Month Aluminum Price;

  (iii) plus the Logistics Cost, or in the case of delivery from a Supplier Facility located outside of Continental Europe, plus the cost of freight and insurance from Rotterdam to the Delivery Site as is the current practice, (unless purchaser arranges and pays for freight, in which event such charge shall not be applied);

  (iv) plus the Product Premium;

  (v) plus the EC Duty Paid Premium (LME duty paid premium indicator / HG Cash (average of bid and ask), as published in Metal Bulletin, applicable to the month of the Bill of Lading Date.

(b) in respect of Metal supplied to a Delivery Site in the United Kingdom, the aggregate of:

(i) the LME 3-Month Aluminum Price for the Month preceding the month of the Bill of Lading Date;

(ii) minus the Applicable LME Discount Percentage of the LME 3-Month Aluminum Price;

(iii) plus the Logistics Cost (unless Purchaser arranges and pays for the freight, in which event such charge shall not be applied);

(iv) plus the Product Premium;

(v) plus the EC Duty Paid Premium (average of bid and ask) for the month prior to the month of the Bill of Lading Date; and

(vi) minus, in the case of supply of Metal to Rogerstone, the Rogerstone Discount;

"CONTRACT YEAR" means (a) initially the period commencing on the Effective Date and ending on the last day of the calendar year in which the Effective Date occurs (such initial period being "CONTRACT YEAR 1") and (b) thereafter, each successive period consisting of twelve calendar months (the first such period being "CONTRACT YEAR 2"), provided that the final Contract Year shall end on the last day of the Term.

"DEFAULT INTEREST RATE" means the rate of interest charged by Supplier for late payments in accordance with Supplier's normal commercial practice, as set forth in invoices issued by Supplier hereunder.

"DEFAULTING PARTY" has the meaning set forth in Section 6.

"DELIVERY SITE" means any of the following facilities of the Purchaser, as specified, in respect of each shipment of Metal hereunder in the Firm Orders provided by the Purchaser hereunder:

(a) the following locations in the United Kingdom:

(i) Rogerstone;

(ii) Bridgnorth; and

(b) the following locations in continental Europe:

(i) Norf;

(ii) Sierre;

(iii) Annecy; and

(c) such other facilities of the Purchaser as may be agreed by the Parties.

"DISPUTES" has the meaning set forth in Section 9.1.

"DOLLARS" or "$" means the lawful currency of the United States of America.

"EC DUTY PAID PREMIUM" means for any calendar month, the arithmetic average of the EC Duty Paid Premium for primary high grade aluminum, as published by Metal Bulletin on each day during the calendar month preceding such calendar month or as otherwise determined pursuant to Section 2.10(c).

"EFFECTIVE DATE" means the "Effective Date" as defined in the Separation Agreement.

"ESTIMATED ANNUAL CAPACITY" has the meaning set out in Section 2.4(b)(i), subject to any adjustment pursuant to Section 2.5.

"ESTIMATED ANNUAL ORDER QUANTITY" has the meaning set out in Section 2.3(b)(i), subject to any adjustment pursuant to Section 2.5.

"ESTIMATED MONTHLY CAPACITY" has the meaning set out in Section 2.4(b)(ii), subject to any adjustment pursuant to Section 2.5.

"ESTIMATED MONTHLY CAPACITY UPDATE" has the meaning set forth in Section 2.7(a).

"ESTIMATED MONTHLY DEMAND" has the meaning set out in Section 2.3(b)(ii), subject to any adjustment pursuant to Section 2.5, 2.6(ii) or Section 2.7(b)(ii).

"EUROS" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty Establishing the European Community, as amended by the Treaty on European Union.

"EVENT OF DEFAULT" has the meaning set forth in Section 6.

"FIRM ORDER" has the meaning set forth in Section 2.7(b)(i).

"FORCE MAJEURE" has the meaning set forth in Section 3.2.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.

"ICC" means the International Chamber of Commerce.

"INCOTERMS 2000" means the set of international rules updated in the year 2000 for the interpretation of the most commonly used trade terms for foreign trade, as published by the ICC.

"LIABILITIES" has the meaning set forth in the Separation Agreement.

"LME" means the London Metal Exchange.

"LME 3-MONTH ALUMINUM PRICE" for any calendar month means the arithmetic average of the LME 3-Month seller's and buyer's price for primary high grade aluminum, as published in Metal Bulletin on each day during the calendar month preceding such calendar month or as otherwise determined pursuant to Section 2.10(b). For avoidance of doubt, the LME 3-Month Aluminum Price for the month of April will be based on aluminum prices published during the month of March.

"LOGISTICS COST" means those logistics-related costs charged to Purchaser in accordance with current practice as at the Effective Date, as further set forth in Schedule 4.

"METAL" means aluminum sheet ingot having the specifications set forth in SCHEDULE 1.

"MINIMUM ANNUAL PURCHASE QUANTITY" means an amount in Tonnes in respect of each Contract Year, equal to ***% of the Annual Order Quantity for such Contract Year.

"MONTH M1" has the meaning set forth in Section 2.7(b)(i).

"MONTHLY OFFTAKE QUOTE" has the meaning set out in Section 2.7(b).

"NOVELIS" means Novelis Inc.

"NOVELIS GROUP" means Novelis Inc. and its Subsidiaries from time to time on and after the Effective Date.

"PARTY" means each of the Purchaser and the Supplier as a party to this Agreement and "PARTIES" means both of them.

"PERSON" means any individual, Business Concern or Governmental Authority.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"PRODUCT PREMIUM" means those product-related premiums charged to Purchaser in accordance with current practice and as further set forth in Schedule 5.

"PURCHASER" has the meaning set forth in the Preamble to this Agreement.

"ROGERSTONE DISCOUNT" means in respect of each Tonne of Metal supplied to Purchaser's Rogerstone facility, $***.

"SALES TAX" means any sales, use, consumption, goods and services, value added or similar tax, duty or charge imposed by a Governmental Authority pursuant to Applicable Law.

"SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.

"SPECIFICATIONS" means specifications for Metal as set out in SCHEDULE 1.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person.

"SUPPLIER" has the meaning set forth in the Preamble to this Agreement.

"SUPPLIER FACILITIES" means any of the facilities of the Supplier located at Dunquerque, Isal, Lochaber, Lynemouth, Vlissingen, St. Jean, Lannemezan, or Alucam, or such other facilities as may be agreed by the Purchaser in accordance with Section 2.1(b).

"SUPPLY SCHEDULE" means in respect of each Contract Year, the notice of Estimated Annual Capacity for such Contract Year and Estimated Monthly Capacity in respect of each calendar month therein, delivered by the Supplier pursuant to Section 2.4(b).

"TERM" has the meaning set forth in Section 5.2.

"TERMINATING PARTY" has the meaning set forth in Section 6.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member or an Affiliate of Alcan Group or a member or an Affiliate of Novelis Group.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"THIRD PARTY CLAIM" has the meaning set forth in the Separation Agreement.

"TONNE" means 1,000 kilograms.

1.2 CURRENCY

All currency references to LME metal-related components herein are to U.S. dollars unless otherwise specified. All other references to currency herein are to Euros unless otherwise specified. All currency conversions required for purposes of calculating the applicable Contract Price and various components thereof as well as any other amounts payable hereunder shall be made utilizing the monthly average of the daily spot Euro/Dollar exchange rate of the European Central Bank adjusted by the swap points on three-month forward purchase contracts for the relevant currency.

1.3 VIENNA CONVENTION

The Parties agree that the terms of the United Nations Convention (Vienna Convention) on Contracts for the International Sale of Goods (1980) shall not apply to this Agreement or the obligations of the Parties hereunder.

2. METAL

2.1 SUPPLY AND SALE BY THE SUPPLIER

(a) Subject to the terms and conditions of this Agreement, beginning on the Effective Date and continuing throughout the Term of this Agreement, the Supplier shall supply and sell to the Purchaser "CIP the applicable Delivery Site" the quantities of Metal determined in accordance with this Agreement.

(b) The Supplier shall supply Metal from a Supplier Facility of the Supplier's choosing provided that the relevant Supplier Facility is qualified by the Supplier to supply the specific Metal alloys with mould specifications and other material specifications requested by the Purchaser Supplier shall provide details of supply by Supplier Facility in the same form as provided in accordance with current practice as at the Effective Date. Supplier may also Supply Metal from such other sources and locations as may be agreed by the Parties. If the Supplier wishes at any time to deliver Metal hereunder to the Purchaser from a source other than the facilities named in the definition of "Supplier Facilities" herein, it may do so provided such Metal complies with the Specifications and the Purchaser has confirmed in writing that the source of such Metal is acceptable to it. The Purchaser shall act reasonably in providing such confirmation.

(c) The quantity of Metal which the Purchaser agrees to purchase and the Supplier agrees to supply hereunder shall be subject to reduction on a pro rata basis in

the event the Supplier provides notice to the Purchaser that one of the Supplier Facilities owned by the Supplier has been temporarily or permanently shut down by the Supplier, provided such shut down has occurred as a result of a good faith decision by the Supplier that the continued operation of such Supplier Facility would be uneconomic or otherwise unviable or non-value maximizing for the Supplier. This reduction shall be for such quantity as may be agreed by the Parties and, failing agreement, shall be for such quantity as is equal to the Estimated Annual Capacity for the applicable Contract year multiplied by the annual reduction capacity of the Supplier Facilities that have been shut down, and divided by the total annual production capacity of all Supplier Facilities before giving effect to the shut down.

Annual Base Quantity for the relevant Contract Years and other related volume levels will be adjusted accordingly. Any reduction pursuant to this section 2.1(c) in the Supplier's obligation to supply Metal shall only take effect 18 months after Supplier has provided notice thereof to Purchaser. Notwithstanding the foregoing, Supplier shall not be entitled to reduce its Metal supply obligation pursuant to this paragraph in connection with a permanent shut down of its Lannemezan Smelter.

Likewise, should the Purchaser decide to shut down any of its facilities being supplied under this Agreement, Purchaser will be entitled to reduce Annual Base Quantities in a similar manner and with the same 18-month notice to Supplier.

2.2 PURCHASE BY THE PURCHASER

Subject to the terms and conditions of this Agreement, beginning on the Effective Date and continuing throughout the Term of this Agreement, the Purchaser shall purchase and take delivery from the Supplier "CIP the applicable Delivery Site" the quantities of Metal determined in accordance with this Agreement.

2.3 NOTIFICATION OF ESTIMATED QUANTITIES OF METAL REQUIRED BY THE PURCHASER

(a) The Purchaser agrees to purchase and the Supplier agrees to supply, in each Contract Year, in accordance with the terms hereof, a quantity of Metal which is no less than the Minimum Annual Purchase Quantity for such Contract Year.

(b) With respect to the purchase of Metal hereunder in any Contract Year, the Purchaser shall provide to the Supplier no later than on September 1 of the Contract Year preceding such Contract Year:

(i) an estimate, in Tonnes, of the Annual Order Quantity (the "ESTIMATED ANNUAL ORDER QUANTITY" for such Contract Year); and

(ii) an estimate, in Tonnes, of the quantity of Metal required for each month in such Contract Year (the "ESTIMATED MONTHLY DEMAND"), provided (1) the amount for each month shall be less than or equal to ***% of the Estimated Annual Order Quantity for such Contract Year divided by 12, and greater than or equal to ***% (or, for no more than 2 months ***%) of the Estimated Annual Order Quantity divided by 12, and (2) the aggregate of all Estimated Monthly Demand amounts for all months in such Contract Year shall equal the Estimated Annual Order Quantity notified pursuant to paragraph (i) above.

The Estimated Annual Order Quantity for Contract Year 1 and the Estimated Monthly Demand for each month in Contract Year 1, are set out in SCHEDULE 2.

2.4 NOTIFICATION OF ESTIMATED QUANTITIES OF METAL SUPPLIED BY THE SUPPLIER

(a) The Supplier shall have no obligation to supply Metal hereunder in a Contract Year in excess of an amount equal to the Annual Base Quantity for such Contract Year, unless otherwise agreed by the Parties.

(b) With respect to the supply of Metal hereunder in any Contract Year, the Supplier shall provide to the Purchaser no later than September 15 of the Contract Year preceding such Contract Year:

(i) an estimate, in Tonnes, of the Supplier's supply capacity of Metal for such Contract Year (the "ESTIMATED ANNUAL CAPACITY"), which amount shall be greater than or equal to the Annual Base Quantity for such Contract Year, and

(ii) an estimate, in Tonnes, of the Supplier's supply capacity of Metal for each month in such Contract Year (the "ESTIMATED MONTHLY CAPACITY"), provided that the Estimated Monthly Capacity in respect of each month shall be equal to or greater than the Estimated Monthly Demand for such month notified by the Purchaser in accordance with Section 2.3(b)(ii).

In determining the Estimated Annual Capacity and the Estimated Monthly Capacity, in each case, the Supplier shall take into account actual operating days in the relevant Contract Year or month, as applicable (taking into account planned shutdowns of the Supplier Facilities), existing commitments of the Supplier for supply to other Persons, and seasonal factors affecting the Supplier's capacity.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

The Estimated Annual Capacity for Contract Year 1 and the Estimated Monthly Capacity for each month in Contract Year 1 are set out in SCHEDULE 2.

2.5 CHANGES TO ESTIMATES

In respect of the purchase and supply of Metal hereunder in any Contract Year, the Purchaser and Supplier agree to consult during the period September 1 to October 31 in the year preceding such Contract Year (the "CONSULTATION PERIOD") with respect to offtake and capacity issues effecting the estimates of purchase requirements and supply capacity provided by the Purchaser and Supplier, respectively, pursuant to Sections 2.3 and 2.4. During such Consultation Period the Purchaser may propose to purchase a quantity of Metal in such Contract Year in excess of 100% of the Annual Base Quantity for such Contract Year and/or to modify the Estimated Annual Order Quantity or Estimated Monthly Demand amounts notified by the Purchaser in respect of such Contract Year, provided that the Supplier shall be under no obligation to agree to such proposal by the Purchaser. During such Consultation Period the Supplier may propose a revised Supply Schedule provided that the Purchaser shall be under no obligation to agree to such revised Supply Schedule, and the Supplier shall be under no obligation to comply with the terms of such revised Supply Schedule, unless the Parties agree to such changes. The Parties shall consult and negotiate in good faith during the Consultation Period with respect to any such matters proposed by the Purchaser or Supplier, as applicable, and will discuss planned maintenance shutdowns at any of the Delivery Sites or the Supplier Facilities and if possible, schedule down-time events relating to such plant maintenance shutdowns for times which are mutually agreeable to the Purchaser and the Supplier with a view to avoiding production disruption at the Supplier Facilities or inventory build-ups at any of the Supplier Facilities or the Delivery Sites.

2.6 NOTIFICATION OF ANNUAL ORDER QUANTITY

In respect of the purchase and supply of Metal hereunder in any Contract Year, the Purchaser shall deliver to the Supplier on or before October 31 in the year preceding such Contract Year, a notice setting forth:

(i) the firm Annual Order Quantity for such Contract Year, which shall be no less than the Minimum Annual Purchase Quantity calculated for such Contract Year, and

(ii) the Estimated Monthly Demand (which may be updated from the amount notified pursuant to Section 2.3(b)(ii)) for each month in such Contract Year provided (1) such amount in respect of each month shall be less than or equal to 110% of the Annual Order Quantity for such Contract Year divided by 12, and greater than or equal to 80% (or 75% for no more than 2 months) of the Annual Order Quantity for such Contract Year divided by 12, and (2) such amount in respect of any month does not exceed the Estimated Monthly Capacity notified by the Supplier in

respect of such month pursuant to Section 2.4(b)(ii) (as such amount may be adjusted pursuant to Section 2.5).

2.7 MONTHLY QUANTITY MANAGEMENT

(a) Throughout the Term of this Agreement, by the first day of each month (and if such day is not a Business Day, on the Business Day immediately preceding such day), the Supplier shall notify the Purchaser of its updated Estimated Monthly Capacity for each month by Supplier Facility (including the month in which such notice is delivered) of the then current Contract Year (such amount referred to as the "ESTIMATED MONTHLY CAPACITY UPDATE"), which Estimated Monthly Capacity Update:

(i) shall not be subject to adjustment in excess of ***% by the Supplier in respect of the first three months in respect of which such notice is sent, such that the amount notified in respect of such months may not be reduced or increased by more than ***% in subsequent Estimated Monthly Capacity Updates delivered under this Section 2.7;

(ii) shall be an indicative amount for each of the remaining months in the then current Contract Year included in such notification, which amount may be modified in future Estimated Monthly Capacity Updates delivered pursuant to this Section 2.7; and

(iii) shall be, in respect of each month, equal to or greater than the Estimated Monthly Demand most recently notified by the Purchaser in respect of such month pursuant to Section 2.6 (subject to any adjustment pursuant to Section 2.5).

(b) Throughout the Term of this Agreement by the 15th day of each month (and if such day is not a Business Day, on the Business Day immediately preceding such 15th day), the Purchaser shall provide to the Supplier a notice (referred to as the "MONTHLY OFFTAKE QUOTE") setting forth the following:

(i) the quantity of Metal which the Purchaser commits to purchase hereunder in the next succeeding month ("MONTH M1"), which quantity, shall be greater than or equal to ***% of the Annual Order Quantity for the Contract Year in which Month M1 takes place divided by 12, and less than or equal to ***% of the Annual Order Quantity for the Contract Year in which Month M1 takes place divided by 12, and identifying the Delivery Site or Delivery Sites to which such Metal should be delivered

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(which notification in respect of Month M1 is referred to herein as the "FIRM ORDER" for such month), and the Purchaser hereby agrees that it shall purchase from the Supplier in Month M1 a quantity of Metal which is no less than ***% of the quantity identified in the Firm Order, and no more than ***% than the quantity identified in such Firm Order;

(ii) an updated Estimated Monthly Demand for each month subsequent to Month M1 occurring in the Contract Year in which Month M1 occurs, which updated amount:

(1) shall be greater than or equal to ***% (or ***% for no more than 2 months) of the Annual Order Quantity for the Contract Year in which such month takes place divided by 12, and less than or equal to ***% of the Annual Order Quantity for the Contract Year in which such month takes place divided by 12; and

(2) when aggregated with all quantities of Metal actually purchased by the Purchaser hereunder in all months prior to Month M1 occurring in the same Contract Year, shall be no less than the Minimum Annual Purchase Quantity in respect of such Contract Year,

provided the Firm Order for Month M1 and each Estimated Monthly Demand for each subsequent month shall be no more than the Estimated Monthly Capacity Update most recently notified by the Supplier in respect of such month.

Note: This section will be adapted to conform to the planning structure of each quarter consisting of two months deemed to consist of four weeks each and one month of five weeks.

2.8 WEEKLY QUANTITY MANAGEMENT

The Parties shall cooperate in coordinating capacity demand and shipments within each calendar month. Supplier's weekly capacity shall, absent normal course capacity constraints, be within the range of 90% to 110% of 1/4 of the Estimated Monthly Capacity Update last provided by the Supplier hereunder in respect of the month containing the relevant week.

Note: This section will be adapted to conform to the planning structure of each quarter consisting of two months deemed to consist of four weeks each and one month of five weeks.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

2.9 SUPPLIER'S SHIPPING OBLIGATIONS

(a) The Supplier shall supply to the Purchaser, in accordance with the terms hereof, in each month, such quantity of Metal as is identified by the Purchaser in respect of such calendar month in the Firm Order for such month delivered by the Purchaser in accordance with Section 2.7(b)(i).

(b) Notwithstanding the provisions of Incoterms 2000 and Section 2.13, the Supplier acknowledges its responsibility to make all necessary arrangements for the shipment and insurance for the transportation of Metal to the Delivery Site on behalf of the Purchaser unless purchaser decides to arrange and pay for the freight. The Supplier shall act as the disclosed agent of the Purchaser in entering into contracts for hiring carriers and obtaining insurance for the shipment of Metal under this Agreement. In doing this, the Supplier shall use Commercially Reasonable Efforts to obtain competitive freight and insurance rates and shall consult with the Purchaser before entering into any long term contracts for hiring carriers or obtaining insurance on behalf of the Purchaser. The Supplier shall use Commercially Reasonable Efforts to ensure that such transportation is suitable for delivering the Metal to the Delivery Site and complies with insurance requirements.

(c) Matters regarding shipment and delivery performance hereunder shall be governed by the provisions of SCHEDULE 3.

2.10 PRICE

(a) The price payable by the Purchaser to the Supplier for each Tonne of Metal sold and purchased pursuant to Sections 2.1 and 2.2 shall be the Contract Price applicable to the Delivery Site to which such Metal is delivered. The date used for calculating the Contract Price for any shipment of metal shall be the Bill of Lading Date.

(b) In the event that (i) LME ceases or suspends trading in aluminum, or (ii) Metal Bulletin ceases publication of the relevant reference price for determining the LME 3-Month Aluminum Price, the Parties shall meet with a view to agreeing on an alternative publication or, as applicable, reference price. If the Parties fail to reach an agreement within sixty (60) days of any Party having notified the other to enter into discussions to agree to an alternative publication or reference price, then the Chairman of the LME in London, England or his nominee shall be requested to select a suitable reference in lieu thereof and/or an appropriate amendment to the terms of this Section 2.10. The decision of the Chairman or his nominee shall be final and binding on the Parties.

(c) In the event the EC Duty Paid Premium indicator is discontinued due to the reduction or elimination of the 6% import duty on unwrought aluminium, the EC Duty Paid Premium shall be replaced by a corresponding European Market

Premium indicator, if published by Metal Bulletin. If no such replacement indicator is published, the Parties will enter into good faith negotiations in order to amend the definition of EC Duty Paid Premium.

2.11 QUALITY

(a) Metal supplied under this Agreement shall comply with the Specifications set forth in SCHEDULE 1. The Supplier shall use Commercially Reasonable Efforts to notify the Purchaser prior to shipment of any Metal that does not meet Specifications. The Purchaser shall not be required to accept delivery of any Metal that does not meet Specifications. If the Purchaser does not accept delivery of Metal not meeting Specifications, the Supplier's obligation shall be limited to the assumption of all costs for return of such Metal to the Supplier, and for the delivery of replacement Metal to the Purchaser. All other express or implied warranties, conditions and other terms relating to Metal hereunder, including warranties relating to merchantability or fitness for a particular purpose, are hereby excluded to the fullest extent permitted by Applicable Law.

(b) If the Specifications for Metal supplied by the Supplier change, the Supplier may propose that the Specifications set forth in SCHEDULE 1 be amended to reflect such changes. If the revised Specifications do not result in increased costs for the processing of such Metal by the Purchaser, the Purchaser shall not unreasonably withhold or delay its consent to such changed specifications.

2.12 PAYMENT

(a) The Purchaser shall pay the Supplier in full for each shipment of Metal meeting the Specifications set out in SCHEDULE 1 or otherwise accepted by the Purchaser in accordance with the Supplier's commercial invoice within forty-five (45) days of the last day of the month of the Bill of Lading Date.

(b) If the Purchaser believes that a shipment of Metal does not meet the Specifications set out in SCHEDULE 1 and has rejected such shipment in a timely manner in accordance with the terms hereof, it need not pay the invoice. However, if the Purchaser subsequently accepts that the Metal complies with the Specifications set out in SCHEDULE 1, the Purchaser shall pay the invoice and, if payment is overdue pursuant to Section 2.12(a), interest in accordance with Section 2.12(c).

(c) If any payment required to be made pursuant to Section 2.12(a) above is overdue, the full amount shall bear interest at a rate per annum equal to the Default Interest Rate calculated on the actual number of days elapsed, accrued from and excluding the date on which such payment was due, up to and including the actual date of receipt of payment in the nominated bank or banking account.

(d) All amounts paid to the Supplier or the Purchaser hereunder shall be paid in Euros, pounds, sterling or Dollars, at the option of the Party making the payment, by wire transfer in immediately available funds to the account specified by the Supplier or Purchaser, as applicable, by notice from time to time by one Party to the other hereunder.

(e) If any Party fails to purchase or supply, as applicable, any quantity of Metal in any month as required under the terms of this Agreement, such Party shall be liable to the other Party for all direct damages, losses and costs resulting from such failure, provided that such other Party shall use its Commercially Reasonable Efforts to mitigate such damages, losses and costs.

2.13 DELIVERY

Metal shall be delivered CIP the Delivery Site identified in each Firm Order. The delivery of Metal pursuant to this Section 2.13 shall be governed by Incoterms 2000, as amended from time to time.

2.14 TITLE AND RISK OF LOSS

Title to and risk of damage to and loss of Metal shall pass to the Purchaser as the Metal is delivered by the Supplier to the carrier.

2.15 PURCHASER AS PRINCIPAL

The Purchaser warrants that all Metal to be purchased hereunder shall be purchased for Purchaser's own consumption (and, as applicable, that of its Subsidiaries). The Purchaser agrees that it shall not re-sell or otherwise make available to any Person (other than a Subsidiary) any Metal purchased from the Supplier hereunder, other than in respect of transactions undertaken in small quantities by the Purchaser to balance purchases or Purchaser's metal position.

3. FORCE MAJEURE

3.1 EFFECT OF FORCE MAJEURE

No Party shall be liable for any loss or damage that arises directly or indirectly through or as a result of any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a Party) under this Agreement where the delay or failure is due to Force Majeure. The obligations of the Party affected by the event of Force Majeure (the "AFFECTED PARTY") shall be suspended, to the extent that those obligations are affected by the event of Force Majeure, from the date the Affected Party first gives notice in respect of that event of Force Majeure until cessation of that event of Force Majeure (or the consequences thereof).

3.2 DEFINITION

"FORCE MAJEURE" shall mean any act, occurrence or omission (or other event), subsequent to the commencement of the Term hereof, which is beyond the reasonable control of the Affected Party including, but not limited to: fires, explosions, accidents, strikes, lockouts or labour disturbances, floods, droughts, earthquakes, epidemics, seizures of cargo, wars (whether or not declared), civil commotion, acts of God or the public enemy, action of any government, legislature, court or other Governmental Authority, action by any authority, representative or organisation exercising or claiming to exercise powers of a government or Governmental Authority, compliance with Applicable Law, blockades, power failures or curtailments, inadequacy or shortages or curtailments or cessation of supplies of raw materials or other supplies, failure or breakdown of equipment of facilities, the invocation of Force Majeure by any party to an agreement under which any Party's operations are affected, and any declaration of Force Majeure by the facility producing the Metal, or any other event beyond the reasonable control of the Parties whether or not similar to the events or occurrences enumerated above. In no circumstances shall problems with making payments constitute Force Majeure.

3.3 NOTICE

Upon the occurrence of an event of Force Majeure, the Affected Party shall promptly give notice to the other Party hereto setting forth the details of the event of Force Majeure and an estimate of the likely duration of the Affected Party's inability to fulfil its obligations under this Agreement. The Affected Party shall use Commercially Reasonable Efforts to remove the said cause or causes and to resume, with the shortest possible delay, compliance with its obligations under this Agreement provided that the Affected Party shall not be required to settle any strike, lockout or labour dispute on terms not acceptable to it. When the said cause or causes have ceased to exist, the Affected Party shall promptly give notice to the other Party that such cause or causes have ceased to exist.

3.4 PRO RATA ALLOCATION

If the Supplier's supply of any Metal to be delivered to the Purchaser is stopped or disrupted by an event of Force Majeure, the Supplier shall have the right to allocate its available supplies of such Metal, if any, among any or all of its existing customers including internal customers, in a fair and equitable manner. In addition, where the Supplier is the Affected Party, it may (but shall not be required to) offer to supply, from another source, Metal of similar quality in substitution for the Metal subject to the event of Force Majeure to satisfy that amount which would have otherwise been sold and purchased hereunder at a price which may be more or less than the price hereunder.

3.5 CONSULTATION

Within thirty (30) days of the cessation of the event of Force Majeure, the Parties shall consult with a view to reaching agreement as to the Supplier's obligation to provide, and the Purchaser's obligation to take delivery of, that quantity of Metal that could not be sold and purchased hereunder because of the event of Force Majeure, provided that any such shortfall quantity has not been replaced by substitute Metal pursuant to the terms above.

In the absence of any agreement by the Parties, failure to deliver or accept delivery of Metal which is excused by or results from the operation of the foregoing provisions of this Section 3 shall not extend the Term of this Agreement and the quantities of Metal to be sold and purchased under this Agreement shall be reduced by the quantities affected by such failure.

3.6 TERMINATION

(a) If an event of Force Majeure where the Affected Party is the Purchaser shall continue for more than *** consecutive calendar months, then the Supplier shall have the right to terminate this Agreement.

(b) If an event of Force Majeure where the Affected Party is the Supplier shall continue for more than *** consecutive calendar months, then the Purchaser shall have the right to terminate this Agreement.

4. ASSIGNMENT

4.1 PROHIBITION ON ASSIGNMENTS

No Party shall assign or transfer this Agreement, in whole or in part, or any interest or obligation arising under this Agreement, except as permitted by Section 4.2, without the prior written consent of the other Party.

4.2 ASSIGNMENT WITHIN ALCAN GROUP OR NOVELIS GROUP

(a) With the consent of Novelis, such consent not to be unreasonably withheld or delayed, Alcan may elect to have one or more of the Persons comprising the

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Alcan Group assume the rights and obligations of the Supplier under this Agreement, provided that

(i) Alcan shall remain fully liable for all obligations of the Supplier hereunder, and

(ii) the transferee will remain at all times a member of the Alcan Group;

any such successor to Alcan as a Supplier under this Agreement shall be deemed to be the "SUPPLIER" for all purposes of the Agreement.

(b) With the consent of Alcan, such consent not to be unreasonably withheld or delayed, Novelis may elect to have one or more of the Persons comprising the Novelis Group assume the rights and obligations of the Purchaser under this Agreement, provided that

(i) Novelis shall remain fully liable for all obligations of the Purchaser hereunder, and

(ii) the transferee will remain at all times a member of the Novelis Group;

any such successor to Novelis as Purchaser under this Agreement shall be deemed to be the "PURCHASER" for all purposes of this Agreement.

5. TERM AND TERMINATION

5.1 EFFECTIVENESS

This Agreement shall come into effect upon the Effective Date.

5.2 TERM

The term of this Agreement (the "TERM") shall be from the Effective Date until *** , unless terminated earlier or extended pursuant to the provisions of this Agreement.

5.3 EXTENSION

One year prior to the expiration of the Term, the Parties may, upon the request of any Party, meet to negotiate in good faith a possible extension of the Term for a further period on terms to be mutually agreed (including in respect of quantities and price of

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Metal to be purchased and supplied hereunder). If no such agreement is reached between the Parties, the Agreement shall terminate upon expiry of the Term.

5.4 TERMINATION

This Agreement shall terminate:

(a) upon expiry of the Term;

(b) upon the mutual agreement of the Parties prior to the expiry of the Term;

(c) pursuant to Section 3.6 as a result of Force Majeure; or

(d) upon the occurrence of an Event of Default, in accordance with Section 6.

6. EVENTS OF DEFAULT

This Agreement may be terminated in its entirety immediately at the option of a Party (the "TERMINATING PARTY"), in the event that an Event of Default occurs in relation to the other Party (the "DEFAULTING PARTY"), and such termination shall take effect immediately upon the Terminating Party providing notice to the Defaulting Party of the termination.

For the purposes of this Agreement, each of the following shall individually and collectively constitute an "EVENT OF DEFAULT" with respect to a Party:

(a) such Party defaults in payment of any payments which are due and payable by it pursuant to this Agreement, and such default is not cured within thirty (30) days following receipt by the Defaulting Party of notice of such default;

(b) such Party breaches any of its material obligations pursuant to this Agreement (other than as set out in paragraph (a) above), and fails to cure it within sixty (60) days after receipt of notice from the non-defaulting Party specifying the default with reasonable detail and demanding that it be cured, provided that if such breach is not capable of being cured within sixty (60) days after receipt of such notice and the Party in default has diligently pursued efforts to cure the default within the sixty (60) day period, no Event of Default under this paragraph (b) shall occur;

(c) such Party breaches any material representation or warranty, or fails to perform or comply with any material covenant, provision, undertaking or obligation in or of the Separation Agreement;

(d) in relation to the Purchaser (1) upon the occurrence of a Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to

Section 14.03(b) of the Separation Agreement and pursuant to this paragraph of this Agreement, or (2) upon the occurrence of a Change of Control Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.04(e) of the Separation Agreement, in which event the termination of this Agreement shall be effective immediately upon Alcan providing Novelis notice pursuant to Section 14.03(b) or Section 14.04(e) of the Separation Agreement;

(e) such Party (i) is bankrupt or insolvent or takes the benefit of any statute in force for bankrupt or insolvent debtors, or (ii) files a proposal or takes any action or proceeding before any court of competent jurisdiction for dissolution, winding-up or liquidation, or for the liquidation of its assets, or a receiver is appointed in respect of its assets, which order, filing or appointment is not rescinded within sixty (60) days; or

(f) proceedings are commenced by or against such Party under the laws of any jurisdiction relating to reorganization, arrangement or compromise.

7. REPRESENTATIONS AND WARRANTIES

The Parties hereby reiterate for the purposes of this Agreement those representations and warranties set forth in Article VI of the Separation Agreement.

8. CONFIDENTIALITY

Each of the Parties shall at all times be in full compliance with its obligations under Sections 11.07 and 11.08 (Confidentiality) of the Separation Agreement.

9. DISPUTE RESOLUTION

9.1 DISPUTES

The Master Agreement with respect to Dispute Resolution, effective on the Effective Date, among the Parties and other parties thereto shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) ("DISPUTES") between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby), or the commercial or economic relationship of the Parties relating hereto or thereto.

9.2 CONTINUING OBLIGATIONS

The existence of a Dispute with respect to this Agreement between the Parties shall not relieve either Party from performance of its obligations under this Agreement that are not the subject of such Dispute.

10. MISCELLANEOUS

10.1 CONSTRUCTION

The terms of Section 16.04 (Construction) of the Separation Agreement shall apply to this Agreement, mutatis mutandis, as if all references therein to the "Agreement" were deemed to be references to this Agreement.

10.2 NOTICES

All notices and other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) on the date of delivery if delivered personally, (b) on the first Business Day following the date of dispatch if delivered by a nationally recognized next-day courier service, (c) on the date of actual receipt if delivered by registered or certified mail, return receipt requested, postage prepaid or (d) if sent by facsimile transmission, when transmitted and receipt is confirmed by telephone. All notices hereunder shall be delivered as follows:

IF TO THE PURCHASER, TO:

NOVELIS INC.
Suite 3800
Royal Bank Plaza, South Tower
P.O. Box 84
200 Bay Street
Toronto, Ontario
M5J 2Z4

Fax: 416-216-3930

Attention: Chief Executive Officer

IF TO THE SUPPLIER, TO:

ALCAN INC.
1188 Sherbrooke Street West
Montreal, Quebec
H3A 3G2
Fax: 514-848-8115

Attention: Chief Legal Officer

Any Party may, by notice to the other Party, change the address or fax number to which such notices are to be given.

10.3 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

10.4 JUDGMENT CURRENCY

The obligations of a Party to make payments hereunder shall not be discharged by an amount paid in any currency other than Euros, whether pursuant to a court judgment or arbitral award or otherwise, to the extent that the amount so paid upon conversion to Euros and transferred to an account indicated by the Party to receive such funds under normal banking procedures does not yield the amount of Euros due, and each Party hereby, as a separate obligation and notwithstanding any such judgment or award, agrees to indemnify the other Party against, and to pay to such Party on demand, in Euros, any difference between the sum originally due in Euros and the amount of Euros received upon any such conversion and transfer.

10.5 ENTIRE AGREEMENT

This Agreement, the Separation Agreement and schedules, exhibits, annexes and appendices hereto and thereto and the specific agreements contemplated herein or thereby, contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

10.6 CONFLICTS

In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail.

10.7 SEVERABILITY

If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.8 SURVIVAL

The obligations of the Parties under Sections 2.10, 2.11, 2.12, 8, 9, 10.3 and 10.8 and liability for the breach of any obligation contained herein shall survive the expiration or earlier termination of this Agreement.

10.9 EXECUTION IN COUNTERPARTS

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

10.10 AMENDMENTS

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.11 WAIVERS

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by Applicable Law.

10.12 NO PARTNERSHIP

Nothing contained herein or in the Agreement shall make a Party a partner of any other Party and no Party shall hold out the other as such.

10.13 TAXES, ROYALTIES AND DUTIES

All royalties, taxes and duties imposed or levied on any Metal delivered hereunder (other than any taxes on the income of the Supplier) shall be for the account of and paid by the Purchaser.

10.14 LIMITATIONS OF LIABILITY

(a) Neither Party shall be liable to the other Party for any indirect, collateral, incidental, special, consequential or punitive damages, lost profit or failure to realize expected savings or other commercial or economic loss of any kind, howsoever caused, and on any theory of liability (including negligence) arising in any way out of this Agreement; provided, however, that the foregoing limitations shall not limit any Parties' indemnification obligations for Liabilities with respect to Third Party Claims as set forth Article IX of the Separation Agreement (as if such Article IX was set out in full herein by reference to the obligations of the Parties hereunder).

(b) Sections 9.04, 9.05, 9.06, 9.07 and 9.09 of the Separation Agreement shall apply mutatis mutandis with respect to any Liability subject to any indemnification or reimbursement pursuant to this Agreement.

10.15 PRINCIPALS AND AGENTS

The Parties agree that each of Novelis and Alcan is entering into this Agreement as principal on its own behalf and as agent for its Subsidiaries that may, from time to time, wish to purchase or supply, as applicable, Metal under the terms of this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties hereto have caused this Metal Supply Agreement to be executed by their duly authorized representatives.

NOVELIS INC.

By: /s/ Brian W. Sturgell

Name:

Title:

ALCAN INC.

By: /s/ David McAusland

Name:

Title:

EXECUTION COPY

Exhibit 10.6

TAX SHARING AND DISAFFILIATION AGREEMENT

BETWEEN

ALCAN INC.

AND

NOVELIS INC.

AND

ARCUSTARGET INC.

AND

ALCAN CORPORATION

AND

NOVELIS CORPORATION

Dated January 5, 2005
With effect as of the Effective Date

TABLE OF CONTENT

TAX SHARING AND DISAFFILIATION AGREEMENT entered into in the City of Montreal, Province of Quebec dated January __, 2005 with effect as of the Effective Date (as defined below).

BETWEEN: ALCAN INC., a corporation organized under the Canada Business Corporations Act ("ALCAN");

AND: NOVELIS INC., a corporation incorporated under the Canada Business Corporations Act ("NOVELIS");

AND: ARCUSTARGET INC., a corporation incorporated under the Canada Business Corporations Act ("ARCUSTARGET");

AND: ALCAN CORPORATION, a corporation incorporated under the laws of the State of Texas ("AC");

AND: NOVELIS CORPORATION (FORMERLY, ALCAN ALUMINUM CORPORATION), a corporation incorporated under the laws of the State of Texas ("AAC").

RECITALS:

WHEREAS Alcan Group (as defined below) currently conducts the Alcan Businesses (as defined below);

WHEREAS Alcan intends to effect a spinoff of the Separated Businesses (as defined below) to the holders of the Alcan Common Shares (as defined below);

WHEREAS such spinoff will be achieved through (i) the Reorganization (as defined below), by which Alcan will transfer the Separated Businesses to Arcustarget; and (ii) the Arrangement (as defined below), by which the holders of Alcan Common Shares will become also shareholders of Novelis, Arcustarget will become a Subsidiary (as defined below) of Novelis and Novelis and Arcustarget will amalgamate;

WHEREAS Alcan and Novelis have agreed on the anticipated tax consequences of the Reorganization and the Arrangement in the jurisdictions where the transactions forming part of the Reorganization and the Arrangement will take place;

WHEREAS Alcan intends in particular, and Novelis accepts, that:

(i) certain transactions forming part of the Separation (as defined below), for Canadian income tax purposes, be governed by paragraph 55(3)(b) of the Tax Act (as defined below) and sections 85.1 and 86 of the Tax Act, such that no gain will be realized by Alcan, Novelis and Alcan Common Shareholders (as defined below);

(ii) the Separation qualify for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code (as defined below), pursuant to which no gain or loss will be recognized for United States federal income tax purposes by Alcan, Novelis, AC, AAC or by the shareholders of Alcan under Section 355 of the Code and the related provisions thereunder; and

(iii) for United States federal income tax purposes, the Separation Agreement (as defined below) be treated as a plan of reorganization within the meaning of the Code;

WHEREAS the Reorganization will result in certain entities ceasing to be part of a group of entities that in certain jurisdictions were filing, lodging or otherwise submitting their tax returns on a consolidated, combined, unitary or other similar basis;

WHEREAS the Parties (as defined below) desire, in connection with the Reorganization and the Arrangement, to (i) give each other certain representations and warranties with respect to certain tax matters, (ii) confirm that no representations and warranties are being given with respect to certain other tax matters, (iii) set out certain rules which shall govern their conduct after the Separation and (iv) allocate certain obligations with respect to certain tax matters;

WHEREAS Alcan and Novelis have entered into the Separation Agreement (the "SEPARATION AGREEMENT") and several ancillary agreements, as amended, modified, supplemented or restated to complete the Separation (as defined below); and

WHEREAS this Agreement (as defined below) is an "Ancillary Agreement" for the purposes of the Separation Agreement.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

ARTICLE I - INTERPRETATION

1.01 DEFINITIONS

The capitalized words and expressions and variations thereof used in this Agreement or in its schedules shall have the meanings ascribed to them as set forth herein. Capitalized words and expressions and variations thereof not defined in this Agreement shall have the meanings ascribed to them in Schedule 1.01 - Definitions of the Separation Agreement.

"50% INTEREST" means with respect to any corporation (within the meaning of the Code) stock or other equity interests of such corporation possessing at least 50 percent of the total combined voting power of all classes of stock or equity interests entitled to vote or at least 50 percent of the total value of shares of all classes of stock or equity interests.

"AAC GROUP" means, for any taxable period, AAC and any Subsidiaries of AAC as of that taxable period.

"AAC" has the meaning set forth in the recitals of this Agreement.

"AAC BUSINESS" means the active conduct of the trade or business (within the meaning of Section 355(b)(1) of the Code) by AAC of producing aluminum rolled products and ancillary activities as carried on immediately prior to the Effective Time.

"AC" has the meaning set forth in the recitals of this Agreement.

"AC BUSINESS" means the active conduct by AC of a trade or business (within the meaning of Section 355(b)(1) of the Code) other than the AAC Business.

"AC GROUP" means, for any taxable period, AC and its Subsidiaries as of that taxable period other than members of the AAC Group.

"AFFILIATE" of any Person means any other Person that directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control, with such first Person.

"AGREEMENT" means this Tax Sharing and Disaffiliation Agreement between the Parties, including all of the schedules hereto, and as the same may be amended from time to time.

"ALCAN" has the meaning set forth in the recitals of this Agreement.

"ALCAN BUSINESSES" has the meaning set forth in the Separation Agreement.

"ALCAN CLASS A COMMON SHARES" or "NEW ALCAN COMMON SHARES" means the class A common shares of Alcan which Alcan will be authorized to issue upon the Arrangement becoming effective and which are to be issued under the Arrangement to Alcan Common Shareholders in exchange, in part, for Alcan Common Shares, and to be redesignated as Alcan common shares once the current Alcan Common Shares have been deleted from the share capital of Alcan.

"ALCAN COMMON SHAREHOLDERS" means the holders of Alcan Common Shares.

"ALCAN COMMON SHARES" means the voting common shares of Alcan.

"ALCAN GROUP" means Alcan and its Subsidiaries, whether held directly or indirectly; for greater certainty, (i) prior to the Effective Time, "Alcan Group" includes Arcustarget Group, (ii) on and after the Effective Time, "Alcan Group" excludes Arcustarget Group, and (iii) in all circumstances "Alcan Group" excludes Novelis.

"ALCAN INDEMNIFIED PARTIES" has the meaning set forth in Section 3.02 of this Agreement.

"ALCAN PECHINEY CORPORATION" means Alcan Pechiney Corporation, a Texas Corporation.

"ALCAN PRIMARY PRODUCTS CORPORATION" means Alcan Primary Products Corporation, a Texas Corporation.

"ALCAN PRODUCTS CORPORATION" means Alcan Products Corporation, a Texas Corporation.

"ALCAN SPECIAL SHARES" means the non-voting, redeemable, retractable, special shares of Alcan, which Alcan will be authorized to issue upon the Arrangement becoming effective

and which are to be issued pursuant to the Arrangement to Alcan Common Shareholders in exchange, in part, for the Alcan Common Shares.

"ALCAN TAX CONSOLIDATED GROUP" means a group of Persons that are Affiliates of Alcan and that file, lodge or otherwise submit their Tax Returns on a consolidated, combined, unitary or similar basis.

"APPLICABLE LAW" means any applicable law, statute, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"ARCUSTARGET" has the meaning set forth in the recitals of this Agreement.

"ARCUSTARGET GROUP" means Arcustarget and its Subsidiaries, whether held directly or indirectly.

"ARRANGEMENT" means the proposed arrangement under the provisions of section 192 of the CBCA on, and subject to, the terms and conditions set forth in the Plan of Arrangement.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the City of Montreal (Canada) or in the City of New York (United States), is a legal holiday or (ii) a day on which banks are authorized by Applicable Law to close in the City of Montreal (Canada) or in the City of New York (United States).

"CANADIAN TAX RULING" means the advance income tax ruling received by Alcan from the CRA on December 15, 2004 and as may be further revised, supplemented or modified at the request of Alcan confirming the Canadian federal income tax consequences of certain aspects of the Arrangement and certain other transactions.

"CBCA" means the Canada Business Corporations Act.

"CLAIM" means any assessment or reassessment, tax inquiry, audit, examination, investigation, dispute, litigation or other proceeding (including, for United States federal income tax purposes, a notice of a potential Claim such as a Form 5701 Notice of Proposed Adjustment), made by the CRA, a Provincial Revenue Authority, the IRS or any other Taxing Authority, that would result in any Tax liability to an Indemnitor.

"CLOSING AGENDA" means the final closing agenda relating to the Reorganization and the Arrangement.

"CODE" means the United States Internal Revenue Code of 1986, as amended.

"CONSTITUENT DOCUMENTS" means, with respect to any Person, (a) the articles of incorporation, certificate of incorporation, constitution or certificate of formation (or the equivalent organizational documents) of such Person, (b) the by-laws, operating agreement (or the equivalent governing documents) of such Person, (c) any document setting forth the manner of election and duties of the directors or managing members of

such Person (if any) and the designation, amount or relative rights, limitations and preferences of any class or series of such Person's stock and (d) with respect to any Person organized under the laws of Canada or any province therein, any unanimous shareholders agreement.

"CONTROL" or "CONTROLLED" means, (a) for purposes of paragraph (a) of the definition of Triggering Event, control for purposes of the Tax Act, and (b) for any other purpose, the presence of one of the following: (i) the legal, beneficial or equitable ownership, directly or indirectly, of more than 50% (by vote or value) of the capital or voting stock (or other ownership or voting interest, if not a corporation) of such Person or (ii) the ability, directly or indirectly, to direct the voting of a majority of the directors of such Person's board of directors or, if such Person does not have a board of directors, a majority of the positions on any similar body, whether through appointment, voting agreement or otherwise.

"CRA" means the Canada Revenue Agency.

"DATE OF THE U.S. INTERNAL DISTRIBUTION" means the date on which the U.S. Internal Distribution occurs.

"DISAFFILIATION DATE" means, for any Former Member and its relevant Alcan Tax Consolidated Group in respect of their mutual rights and obligations under this Agreement, the date on which such Former Member ceases to be a member of its relevant Alcan Tax Consolidated Group in the course of or as a result of the Separation.

"DISAFFILIATION STRADDLE PERIOD" means any Period that begins before and ends after the Disaffiliation Date.

"DISPUTE RESOLUTION AGREEMENT" means the Agreement with Respect to Dispute Resolution dated the Effective Date, as amended, restated or modified from time to time, and constituting an Ancillary Agreement to the Separation Agreement.

"EFFECTIVE DATE" has the meaning set forth in the Separation Agreement.

"EFFECTIVE TIME" means 12:00:01 a.m. E.S.T. on the Effective Date.

"FINAL DETERMINATION" means with respect to any issue (a) a decision, judgment, decree or other order by any court of competent jurisdiction, which decision, judgment, decree or other order has become final and is not subject to further appeal, (b) a closing agreement (in the United States, whether or not entered into under Section 7121 of the Code) or any other binding settlement agreement (in the United States, whether or not with the IRS) entered into in connection with or in contemplation of an administrative or judicial proceeding by a Taxing Authority, or (c) the completion of the highest level of administrative proceedings if a judicial contest is not or is no longer available.

"FIRST GROUP" has the meaning set forth in Section 10.01.

"FISCAL YEAR 2004" means the period beginning January 1, 2004 and ending December 31, 2004 or on the Disaffiliation Date if such date is prior to December 31, 2004.

"FORM 10" means the registration statement on Form 10 (including the related information statement) relating to the listing of Novelis Common Shares on the New York Stock Exchange and the related registration of the class of equity securities that includes the Novelis Common Shares under Section 12(b) of the United States Securities Exchange Act of 1934, in the form in which it was declared effective by the Securities and Exchange Commission.

"FORMER MEMBER" means any Person that ceases to be part of an Alcan Tax Consolidated Group in the course of or as a result of the Separation and that is a member of the Novelis Group on or following the Effective Time.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GROUP" means AAC Group, AC Group, Alcan Group, Arcustarget Group or Novelis Group, as the context requires.

"INDEMNIFIED PARTY" has the meaning set forth in Section 7.01.

"INDEMNITOR" has the meaning set forth in Section 7.01.

"IRS" means the United States Internal Revenue Service.

"LIABILITIES" has the meaning set forth in the Separation Agreement.

"NOVELIS" means Novelis Inc., a corporation incorporated under the CBCA, formed to acquire under the Arrangement and independently carry on the Separated Businesses, and to be amalgamated with Arcustarget on the Effective Date, and, for greater certainty, includes the corporation resulting from the amalgamation of Novelis and Arcustarget and any successors thereto.

"NOVELIS COMMON SHARES" means the voting common shares of Novelis to be issued to holders of Alcan Special Shares pursuant to the Arrangement in exchange for such Alcan Special Shares.

"NOVELIS GROUP" means Novelis and its Subsidiaries, whether held directly or indirectly; for greater certainty, (i) prior to the Effective Time, "Novelis Group" excludes Arcustarget Group, and (ii) on and after the Effective Time, "Novelis Group" includes Arcustarget Group.

"NOVELIS INDEMNIFIED PARTIES" has the meaning set forth in Section 3.01.

"PARTIES" means the parties to this Agreement and, in the singular, means any of them.

"PERIOD" means any taxable year or other taxable period.

"PERSON" means any individual, partnership, joint venture, corporation, limited liability company, company, trust, unincorporated organization or Governmental Authority.

"PLAN OF ARRANGEMENT" means the plan of arrangement set out as Schedule 1.01 - "PA" of the Separation Agreement, as the same may be amended from time to time.

"POST-DISAFFILIATION PERIOD" means any Period that begins after the Disaffiliation Date and, in the case of any Disaffiliation Straddle Period, that part of the Disaffiliation Straddle Period that begins after the close of the Disaffiliation Date.

"PRE-DISAFFILIATION PERIOD" means any Period that ends on or before the Disaffiliation Date and, in the case of any Disaffiliation Straddle Period, that part of the Disaffiliation Straddle Period through the close of the Disaffiliation Date.

"PRE-SEPARATION PERIOD" means any Period that ends on or before the Effective Date.

"POST-SEPARATION PERIOD" means any taxable year or other taxable period that begins on or after the Effective Date.

"PROVINCIAL REVENUE AUTHORITY" has the meaning set forth in the Separation Agreement.

"REORGANIZATION" means the transactions relating to the transfers of property, directly or indirectly, to Arcustarget set out in Part I of the Closing Agenda.

"REORGANIZATION DOCUMENTS" has the meaning set forth in the Separation Agreement.

"SECOND GROUP" has the meaning set forth in Section 10.01.

"SEPARATED BUSINESSES" has the meaning set forth in the Separation Agreement.

"SEPARATION" has the meaning set forth in the Separation Agreement.

"SEPARATION AGREEMENT" has the meaning set forth in the recitals of this Agreement.

"STRADDLE PERIOD" means any Period that begins before and ends after the Effective Date.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person. In determining whether a Subsidiary is a Subsidiary of AAC or AC for any period, AAC and the Subsidiaries of AAC shall not be treated as Subsidiaries of AC.

"TAX" or "TAXES" whether used in the form of a noun or adjective, means all forms of taxation, whenever created or imposed, including, but not limited to, taxes on or

measured by income, capital, franchise, gross receipts, sales, use, excise, payroll, personal property (tangible or intangible), real property, ad-valorem, value-added, goods and services, leasing, leasing use or other taxes, levies, imposts, duties, charges or withholdings of any nature whether imposed by a country, locality, municipality, government, state, province, federation, or other Governmental Authority, including any penalties, fines and additions to tax and any interest on tax, compounded or otherwise.

"TAX ACT" means the Income Tax Act (Canada), as amended.

"TAX RETURNS" means all reports, returns, information statements, questionnaires or other documents or data (whether in printed, electronic or other form) required to be filed or that may be filed for any period with any Taxing Authority (whether domestic or foreign) in connection with any Tax or Taxes (whether domestic or foreign).

"TAXING AUTHORITY" means any governmental entity imposing Taxes or empowered or authorized to administer any Taxes imposed by any country, locality, municipality, government, state, province, federation or other Governmental Authority.

"TRANSFER TAXES" means any transfer, sales, use, real property transfer, goods and services, value-added, stamp, filing, recordation and similar taxes and fees imposed in connection with the Reorganization or the Separation. For greater certainty, Transfer Taxes shall not include income taxes (including taxes on capital gains).

"TREASURY REGULATIONS" means the regulations promulgated by the United States Treasury Department under the Code.

"TRIGGERING EVENT" means:

(a) for the purposes of the Tax Act, an acquisition of Control of Novelis; or

(b) for United States federal income tax purposes, any action or actions of or involving any Person (other than Alcan or any Person that is an Affiliate of Alcan immediately before or immediately after such action or actions), or any omission or omissions of such Person of an action or actions available to it, after the Date of the U.S. Internal Distribution, if as a result of such action(s) or omission(s) a Final Determination is made that the Separation is not Tax-free (i) by failing to qualify as a distribution described in Sections 355 and 368(a)(1)(D) of the Code, (ii) because any stock or securities of AAC distributed by AC in the U.S. Internal Distribution fail to qualify as "qualified property" within the meaning of Section 355(c)(2) of the Code, or (iii) because Section 355(e) of the Code applies to the Separation.

"U.S. INTERNAL DISTRIBUTION" means the distribution by AC to Alcan of all the shares of AAC in the course of the Separation.

"UNITED STATES" means the United States of America.

1.02 SCHEDULES

The following schedules are attached to this Agreement and form part hereof:

Schedule 2.01 (g)	Repayment Transactions
Schedule 2.02 (d)	Certain Additional Covenants of Novelis and Arcustarget
Schedule 2.04 (b)(iii)	Certain Additional Covenants of AAC

1.03 HEADINGS

The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

1.04 CURRENCY

Unless otherwise indicated herein, all Dollar amounts referred to in this Agreement refer to the lawful currency of the United States and all payments must be made in such currency.

ARTICLE II - REPRESENTATIONS, WARRANTIES AND COVENANTS

2.01 REPRESENTATIONS, WARRANTIES AND COVENANTS OF ALCAN IN FAVOUR OF NOVELIS

(a) Alcan represents as at the date hereof and warrants to and in favour of Novelis as at the date hereof (and acknowledges that Novelis is relying upon such representations and warranties in connection with the matters contemplated by this Agreement) as follows:

(i) to the best of Alcan's knowledge, there is no "specified shareholder" of Alcan as such expression is defined for the purposes of paragraph 55(3.1)(b) of the Tax Act; and

(ii) all the facts relating to Alcan that are disclosed in the Canadian Tax Ruling are true and accurate in all material respects;

(b) Alcan covenants that it shall not, and that it shall cause each other member of the Alcan Group not to, enter into any transaction or permit any transaction within its control to occur that would cause Alcan or any other member of the Alcan Group that is a corporation to cease to be a "specified corporation" (within the meaning of the Tax Act) on or prior to the Effective Date, except as contemplated in the Canadian Tax Ruling, and Alcan and each such member will fulfill, and will cause any Person Controlled by it after the Effective Date to fulfill, all

representations or undertakings provided by it to the CRA in connection with the Canadian Tax Ruling;

(c) Alcan covenants that it shall not, and that it shall cause each other member of the Alcan Group not to, take any action, omit to take any action or enter into any transaction that could cause the Arrangement or any related transaction to be treated in a manner inconsistent with the Canadian Tax Ruling;

(d) Alcan covenants that it shall, and that it shall cause each other member of the Alcan Group that is required to file Canadian Tax Returns to, file such Tax Returns (including, for greater certainty, any election forms under section 85 of the Tax Act) in accordance with the terms of the Plan of Arrangement and the Canadian Tax Ruling following the Effective Date;

(e) Alcan covenants that it shall, and that it shall cause each other member of the Alcan Group to, cooperate with Novelis and the relevant other members of the Novelis Group in the preparation and filing of all elections under the Tax Act as contemplated in the Reorganization, the Canadian Tax Ruling, the Plan of Arrangement and this Agreement (and of any similar elections that may be required under applicable provincial or foreign legislation); such elections shall be made in the form and within the time limits prescribed in the Tax Act (or applicable provincial or foreign legislation); except that Alcan may decide, in its sole discretion, to amend or late-file such elections, in which case Alcan shall be liable to indemnify any Novelis Indemnified Party for any late-filing penalties; where an agreed amount is to be included in any such election, such amount will be within the range contemplated by the Tax Act (or applicable provincial or foreign legislation) and will be the amount contemplated by the Canadian Tax Ruling, the Plan of Arrangement and this Agreement, where such amount is specified therein and, in any other case, will be the amount determined by Alcan in its sole discretion; and

(f) Alcan covenants that it shall not, and that it shall cause each other member of the Alcan Group not to, take any action that would be inconsistent with the Reorganization Documents;

(g) Alcan expressly acknowledges and agrees that for United States federal income tax purposes the Reorganization (as that term is defined in the Separation Agreement) is intended to be treated as a reorganization within the meaning of Section 368(a)(1)(D) of the Code and the subsequent distribution of the Novelis Common Shares to the shareholders of Alcan is intended to be treated as a transaction qualifying under Section 355 of the Code. Without limiting the generality of the foregoing, Alcan expressly acknowledges and agrees that the transfer of the Separated Entities and the Separated Assets (as each of those terms are defined in the Separation Agreement) to Alcan shall occur simultaneously and pursuant to a single, integrated, plan of reorganization within the meaning of Section 368 of the Code. Alcan expressly acknowledges and agrees that it will treat and it hereby adopts the Separation Agreement, as supplemented by this

Agreement, as the plan of reorganization within the meaning of Section 368 of the Code. Furthermore Alcan expressly covenants and agrees that all consideration received by Alcan from Arcustarget other than the shares of capital stock of Arcustarget (such consideration the "Non-Stock Consideration") shall be immediately converted into cash, in accordance with the various refinancing transactions that are a part of this plan of reorganization, and Alcan shall use such cash immediately upon its receipt to repay the creditors referred to in SCHEDULE 2.01(G) and otherwise in accordance with the provisions of Section 361(b)(3) of the Code. Alcan hereby expressly covenants and agrees to (i) convert the "Non-Stock Consideration" into cash in accordance with the terms of this Section 2.01(g), and (ii) cause the repayment of the Alcan creditors referred to in SCHEDULE 2.01(G) in accordance with the terms of this Section 2.01(g).

2.02 REPRESENTATIONS, WARRANTIES AND COVENANTS OF NOVELIS IN FAVOUR OF ALCAN AND AC

(a) Novelis covenants that it shall, and that it shall cause each other member of the Novelis Group to, use its commercially reasonable efforts and do all things reasonably required of it to cause the Reorganization to be completed within the time periods contemplated by the Separation Agreement;

(b) Novelis covenants that it shall, and that it shall cause each other member of the Novelis Group to, use its commercially reasonable efforts and do all things reasonably required of it to cause the Arrangement to become effective within the time periods contemplated by the Separation Agreement;

(c) Novelis covenants that it shall not, and that it shall cause each other member of the Novelis Group not to, enter into any transaction or permit any transaction within its control to occur that would cause Alcan or any other member of the Alcan Group that is a corporation to cease to be a "specified corporation" (within the meaning of the Tax Act) on or prior to the Effective Date, except as contemplated in the Canadian Tax Ruling, and Novelis and each other member of the Novelis Group will fulfill, and will cause any Person Controlled by it after the Effective Date to fulfill, all representations or undertakings provided by it to the CRA in connection with the Canadian Tax Ruling;

(d) Novelis covenants that it shall not, and that it shall cause each other member of the Novelis Group not to, take any action, omit to take any action or enter into any transaction that could cause the Reorganization, the Arrangement or any related transaction to be treated in a manner inconsistent with the Canadian Tax Ruling or that could cause the Separation to be treated other than as a Tax-free under the Code as contemplated in the recitals of this Agreement (including but not limited to violating any of the specific covenants enumerated in SCHEDULE 2.02(D));

(e) Novelis covenants that it shall, and that it shall cause each other member of the Novelis Group that is required to file Canadian Tax Returns to, file such Tax Returns (including, for greater certainty, any election forms under section 85 of

the Tax Act) in accordance with the terms of the Plan of Arrangement and the Canadian Tax Ruling following the Effective Date. To the extent allowed by Applicable Law, Novelis shall, and shall cause each other member of the Novelis Group to, make adjustments to its stated capital and paid-up capital accounts in accordance with the terms of the Plan of Arrangement and the Canadian Tax Ruling following the Effective Date in order that the Reorganization and the Separation are implemented on a tax efficient basis for Alcan and the other members of the Alcan Group;

(f) Novelis covenants that it shall, and that it shall cause each other member of the Novelis Group to, use reasonable best efforts to apply for such amendments to the Canadian Tax Ruling and make such amendments to the Separation Agreement as may be necessary or desirable to obtain the Canadian Tax Ruling or to implement the Plan of Arrangement as may be desired by Alcan (i) to enable it to implement arrangements or carry out transactions deemed advantageous by it for the purposes of the Separation, or (ii) to achieve a tax efficient treatment (to be determined in Alcan's discretion) of transaction costs on a worldwide net basis;

(g) Novelis covenants that it shall, and that it shall cause each other member of the Novelis Group to, cooperate with Alcan and the relevant other members of the Alcan Group in the preparation and filing of all elections under the Tax Act as contemplated in the Reorganization, the Canadian Tax Ruling, the Plan of Arrangement and this Agreement (and of any similar elections that may be required under applicable provincial or foreign legislation); such elections shall be made in the form and within the time limits prescribed in the Tax Act (or applicable provincial or foreign legislation) except that Alcan may decide, in its sole discretion, to amend or late-file such elections, in which case Alcan Shall be liable to indemnify any Novelis Indemnified Party for any late-filing penalties; where an agreed amount is to be included in any such election, such amount will be within the range contemplated by the Tax Act (or applicable provincial or foreign legislation) and will be the amount contemplated by the Canadian Tax Ruling, the Plan of Arrangement and this Agreement, where such amount is specified therein and, in any other case, will be the amount determined by Alcan in its sole discretion;

(h) Novelis covenants that it shall not, and that it shall cause each other member of the Novelis Group not to, make any Tax election, pay or cause to be paid any distribution from a member of the Novelis Group or take any other action that could cause an actual increase in the Taxes for which a member of the Alcan Group is responsible or that will cause an actual reduction in the amount of any refund of Taxes payable to a member of the Alcan Group other than as a result of the Separation;

(i) Novelis represents as at the date hereof, warrants and covenants to and in favour of Alcan and AC as follows:

(i) for United States federal income tax purposes, Novelis has the plan and intention to and will from the date of this Agreement until two (2) years after the Effective Date (A) maintain AAC's status as a corporation directly engaged in the active conduct of the AAC Business, and (B) take all actions to carry out, and not take any action that would prevent or be inconsistent with the completion of, the transactions contemplated by the Separation Agreement; and

(ii) there is no plan or intention to, and no Person will from the date of this Agreement until two (2) years after the Effective Date (A) take any action that would result in AAC ceasing to be directly engaged in the active conduct of the AAC Business, (B) redeem or otherwise repurchase (directly or through an Affiliate of AAC, Arcustarget or Novelis or any of their respective successors) any of AAC's, Arcustarget's or Novelis' outstanding stock, other than as part of the Arrangement or through stock purchases meeting the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30, 1996-1 C.B. 696, (C) amend the Constituent Documents of AAC, Arcustarget or Novelis or any of their respective successors or take any similar action that would affect the relative voting rights of separate classes of their respective stock or convert one class of AAC's, Arcustarget's or Novelis' stock into another class of their respective stock, (D) liquidate or partially liquidate AAC or its Subsidiaries, (E) merge AAC, Arcustarget or Novelis with any other corporation (otherwise than by the amalgamation of Arcustarget and Novelis as part of the Arrangement) or sell or otherwise dispose of (other than in the ordinary course of AAC's, Arcustarget's or Novelis' respective businesses) the assets of AAC or its Subsidiaries, or (F) take any other action or actions that in the aggregate would likely have the effect that any Person (other than Novelis or Arcustarget as part of the Plan of Arrangement) will acquire, as part of a plan or series of related transactions, stock of AAC, Arcustarget or Novelis (or any of their respective successors) representing a 50% Interest in AAC, Arcustarget or Novelis (or their respective successors); and

(j) Novelis covenants that it shall not, and that it shall cause each other member of the Novelis Group not to, take any action that would be inconsistent with the Reorganization Documents;

(k) Novelis expressly acknowledges and agrees that for United States federal income tax purposes the Reorganization (as that term is defined in the Separation Agreement) is intended to be treated as a reorganization within the meaning of Section 368(a)(1)(D) of the Code and the subsequent distribution of the Novelis Common Shares to the shareholders of Alcan is intended to be treated as a transaction qualifying under Section 355 of the Internal Revenue Code. Without limiting the generality of the foregoing, Novelis expressly acknowledges and agrees that the transfer of the Separated Entities and the Separated Assets (as each of those terms are defined in the Separation Agreement) to Novelis shall occur

simultaneously and pursuant to a single, integrated, plan of reorganization within the meaning of Section 368 of the Code. Novelis expressly acknowledges and agrees that it will treat and it hereby adopts the Separation Agreement as supplemented by this Agreement as the plan of reorganization within the meaning of Section 368 of the Code. Furthermore Novelis expressly covenants and agrees that all consideration received by Alcan from Arcustarget other than the shares of capital stock of Arcustarget shall be immediately converted into cash, in accordance with the various refinancing transactions that are a part of this plan of reorganization, and Alcan shall use such cash immediately upon its receipt to repay the creditors referred to in SCHEDULE 2.012.01(G) and otherwise in accordance with the provisions of Section 361(b)(3) of the Code. Novelis hereby expressly covenants and agrees to (i) convert the "Non-Stock Consideration" into cash in accordance with the terms of this Section 2.02(k), and (ii) cause the repayment of the Alcan creditors referred to in SCHEDULE 2.012.01(G) in accordance with the terms of this Section 2.02(k).

2.03 REPRESENTATIONS, WARRANTIES AND COVENANTS OF AC IN FAVOUR OF AAC AND NOVELIS

AC represents as at the date hereof, warrants and covenants to and in favour of AAC and Novelis as follows:

(a) to the fullest extent possible under United States federal income and state Tax laws, it shall, and it shall cause its Affiliates to, treat the Separation as tax-free under Sections 355 and 368(a)(1)(D) for all United States federal and state Tax purposes;

(b) for United States federal income tax purposes,

(i) AC has the plan and intention to and will from the date of this Agreement until two (2) years after the Effective Date (A) maintain AC's status as a corporation directly engaged in the active conduct of the AC Business, and (B) take all actions necessary to carry out, and not take any action that would prevent or be inconsistent with the completion of, the transactions contemplated by the Separation Agreement; and

(ii) there is no plan or intention to, and no Person will from the date of this Agreement until two (2) years after the Effective Date (A) take any action that would result in AC ceasing to be directly engaged in the active conduct of the AC Business, (B) redeem or otherwise repurchase (directly or through an Affiliate of AC or Alcan), any of AC's or Alcan's outstanding stock, other than as part of the Arrangement or through stock purchases meeting the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30, 1996-1 C.B. 696, (C) amend the Constituent Documents of AC or Alcan or take any similar action that would affect the relative voting rights of separate classes of their respective stock or convert one class of AC's or Alcan's stock into another class of their respective stock, (D) liquidate or partially liquidate AC, (E) merge AC or Alcan with any

other corporation or sell or otherwise dispose of (other than in the ordinary course of business) the assets of the AC Business, or (F) take any other action or actions that in the aggregate would likely have the effect that any Person (other than pursuant to the Separation Agreement) will acquire, as part of a plan or series of related transactions, stock of AC or Alcan representing a 50% Interest in AC or Alcan (or their respective successors);

(c) AC covenants that it shall not, and that it shall cause its Affiliates not to, take any action that would be inconsistent with any of the representations, warranties or covenants contained in this Section 2.03; and

(d) AC covenants that it shall not, and it shall cause each other member of the AC Group not to, make any Tax election, pay or cause to be paid any distribution from an Affiliate or take any other action that could cause an actual increase in the Taxes for which a member of the AAC Group is responsible or that will cause an actual reduction in the amount of any refund of Taxes payable to a member of the AAC Group other than as a result of transactions forming part of the Separation.

2.04 REPRESENTATIONS, WARRANTIES AND COVENANTS OF AAC IN FAVOUR OF AC AND ALCAN

AAC represents as at the date hereof, warrants and covenants to and in favour of AC and Alcan as follows:

(a) to the fullest extent possible under United States federal income and state Tax laws, it shall, and shall cause its Affiliates to, treat the Separation as tax-free under Sections 355 and 368(a)(1)(D) for all United States federal and state purposes;

(b) for United States federal income tax purposes,

(i) AAC has the plan and intention to and will from the date of this Agreement until two (2) years after the Effective Date (A) maintain AAC's status as a corporation directly engaged in the active conduct of the AAC Business, and (B) take all actions necessary to carry out, and not take any action that would prevent or be inconsistent with the completion of, the transactions contemplated by the Separation Agreement; and

(ii) there is no plan or intention to, and no Person will from the date of this Agreement until two (2) years after the Effective Date (A) take any action that would result in AAC ceasing to be directly engaged in the active conduct of the AAC Business, (B) redeem or otherwise repurchase (directly or through an Affiliate of AAC, Arcustarget or Novelis, or any of their respective successors) any of AAC's, Arcustarget's or Novelis' outstanding stock, other than as part of the Arrangement or through stock purchases meeting the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30, 1996-1 C.B. 696, (C) amend the Constituent Documents

of AAC, Arcustarget or Novelis or any of their respective successors other than as part of the Arrangement, or take any similar action that would affect the relative voting rights of separate classes of their respective stock or convert one class of AAC's, Arcustarget's or Novelis' stock into another class of their respective stock, (D) liquidate or partially liquidate AAC or its Subsidiaries, (E) merge AAC, Arcustarget or Novelis with any other corporation (otherwise than by the amalgamation of Arcustarget and Novelis as part of the Arrangement) or sell or otherwise dispose of (other than in the ordinary course of AAC's, Arcustarget's or Novelis' respective businesses) the assets of AAC or its Subsidiaries, or (F) take any other action or actions that in the aggregate would likely have the effect that any Person (other than Novelis or Arcustarget pursuant to Reorganization Documents and the Plan of Arrangement) will acquire, as part of a plan or series of related transactions, stock of AAC, Arcustarget or Novelis (or any of their respective successors) representing a 50% Interest in AAC, Arcustarget, Novelis (or their respective successors);

(iii) AAC shall not, and shall cause any Affiliate of AAC not to, take any action, omit to take any action or enter into any transaction that could cause the Separation to be treated other than as a tax-free under the Code as contemplated in the recitals of this Agreement (including but not limited to violating any of the specific covenants enumerated in SCHEDULE 2.04(B)(III)).

(c) Novelis and AAC covenant that they shall not, and that they shall cause each other member of the AAC Group not to, make any Tax election, pay or cause to be paid any distribution from an Affiliate or take any other action that could cause an actual increase in the Taxes for which a member of the AC Group is responsible or that will cause an actual reduction in the amount of any refund of Taxes payable to a member of the AC Group other than as a result of transactions forming part of the Separation; and

(d) AAC covenants that it shall not, and that it shall cause its Affiliates not to, take any action that would be inconsistent with any of the representations, warranties or covenants contained in this Section 2.04.

2.05 REPRESENTATIONS, WARRANTIES AND COVENANTS OF NOVELIS AND ARCUSTARGET IN FAVOUR OF AC

Novelis and Arcustarget represent as at the date hereof, warrant and covenant to and in favour of AC as at the date hereof as follows:

(a) for United States federal income tax purposes,

(i) Novelis and Arcustarget have the plan and intention to and will from the date of this Agreement until two (2) years after the Effective Date (A) maintain AAC's status as a corporation engaged in the active conduct

of the AAC Business, and (B) take all actions necessary to carry out, and not take any action that would prevent or be inconsistent with the completion of, the transactions contemplated by the Separation Agreement; and

(ii) there is no plan or intention to, and no Person will from the date of this Agreement until two (2) years after the Effective Date (A) take any action that would result in AAC ceasing to be directly engaged in the active conduct of the AAC Business, (B) redeem or otherwise repurchase (directly or through an Affiliate of AAC, Arcustarget or Novelis, or any of their respective successors) any of AAC's, Arcustarget's or Novelis' outstanding stock, other than as part of the Arrangement or through stock purchases meeting the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30, 1996-1 C.B. 696, (C) amend the Constituent Documents of AAC, Arcustarget or Novelis or any of their respective successors other than as part of the Arrangement or take any similar action that would affect the relative voting rights of separate classes of their respective stock or convert one class of AAC's, Arcustarget's or Novelis' stock into another class of their respective stock, (D) liquidate or partially liquidate AAC or its Subsidiaries, (E) merge AAC, Arcustarget or Novelis with any other corporation (otherwise than by the amalgamation of Arcustarget and Novelis as part of the Arrangement) or sell or otherwise dispose of (other than in the ordinary course of AAC's, Arcustarget's or Novelis' respective businesses) the assets of AAC or its Subsidiaries, or (F) take any other action or actions that in the aggregate would likely have the effect that any Person (other than Novelis or Arcustarget pursuant to the Reorganization Documents and the Plan of Arrangement) will acquire, as part of a plan or series of related transactions, stock of AAC, Arcustarget or Novelis (or any of their respective successors) representing a 50% Interest in AAC, Arcustarget or Novelis (or their respective successors); and

(b) Novelis and Arcustarget covenant that they shall not, and that they shall cause their Affiliates not to, take any action that would be inconsistent with any of the representations, warranties or covenants contained in this Section 2.05.

2.06 SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

(a) The representations and warranties of the Parties contained in this Article II shall survive the Effective Date until sixty (60) days after the expiry of all applicable prescription periods or statutes of limitation (giving effect to any waiver, mitigation or extension thereof) after which no assessment, reassessment or other notice or document assessing liability for Taxes for a taxation year or taxable period (or other relevant period) may be issued to the relevant Party pursuant to any Applicable Law.

(b) Except as otherwise expressly set out herein, the covenants under this Article II shall survive indefinitely.

ARTICLE III - INDEMNIFICATION

3.01 INDEMNIFICATION BY ALCAN

Alcan shall indemnify, defend and hold harmless Novelis and each other member of the Novelis Group and each of their respective directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assigns of any of the foregoing (collectively, the "NOVELIS INDEMNIFIED PARTIES"), from and against any and all Liabilities of the Novelis Indemnified Parties relating to, arising out of or resulting from a breach of a representation, warranty or covenant of Alcan or AC in this Agreement.

3.02 INDEMNIFICATION BY NOVELIS

Novelis shall indemnify, defend and hold harmless Alcan and each other member of the Alcan Group and each of their respective directors, officers and employees, and each of the heirs, executors, trustees, administrators, successor and assigns of any of the foregoing (collectively, the "ALCAN INDEMNIFIED PARTIES"), from and against any and all Liabilities of the Alcan Indemnified Parties relating to, arising out of or resulting from a breach of a representation, warranty or covenant of Novelis, AAC or Arcustarget in this Agreement.

3.03 INDEMNIFICATION IN THE EVENT OF MUTUAL BREACH

Notwithstanding Sections 3.01 and 3.02 of this Agreement, Alcan shall not be liable to indemnify any Novelis Indemnified Party under Section 3.01, and Novelis shall not be liable to indemnify any Alcan Indemnified Party under Section 3.02, from and against a Liability, if such Liability is caused by the combined and simultaneous action of both (i) one or more members of the Alcan Group and (ii) one or more members of the Novelis Group.

3.04 INDEMNIFICATION IN THE EVENT OF A TRIGGERING EVENT

If (i) the Tax consequences to the transactions described in the Canadian Tax Ruling differ from those set out in the Canadian Tax Ruling or if the Tax consequences to the Separation differ from those set out in the recitals of this Agreement, (ii) Sections 3.01, 3.02 and 3.03 do not apply and (iii) such different Tax consequences result from a Triggering Event, then Novelis shall indemnify the Alcan Indemnified Parties from and against any Liability relating to, arising out of or resulting from such different Tax consequences under the Tax Act or any other similar or equivalent Canadian federal or provincial Tax legislation or the Code, even if such Triggering Event does not result from any action or omission of any member of the Novelis Group.

3.05 Indemnification in Other Circumstances

If (i) the Tax consequences to the transactions described in the Canadian Tax Ruling differ from those set out in the Canadian Tax Ruling or if the Tax consequences to the Separation differ from those set out in the recitals of this Agreement and (ii) Sections 3.01, 3.02, 3.03 and 3.04 do not apply, then no indemnity shall be provided for under this Agreement except in the circumstances and to the extent provided for in Sections 4 to 6 and 10.

3.06 EVENT OF LAST ACT

For greater certainty:

(a) Alcan will be liable under Section 3.01 of this Article III and Novelis will not be liable under Section 3.02 of this Article III even though the action of the member of the Alcan Group that precipitated the Liability of Alcan was preceded by one or more actions of one or more members of the Novelis Group that, in and by themselves, would not have precipitated the Liability of Novelis;

(b) Novelis will be liable under Section 3.02 of this Article III and Alcan will not be liable under Section 3.01 of this Article III even though the action of the member of the Novelis Group that precipitated the Liability of Novelis was preceded by one or more actions of one or more members of the Alcan Group that, in and by themselves, would not have precipitated the Liability of Alcan;

(c) Novelis will be liable under Section 3.04 of this Article III and Alcan will not be liable under Section 3.01 of this Article III even though the last action that made a Triggering Event happen was preceded by one or more actions of one or more members of the Alcan Group that, in and by themselves, would not have precipitated the Liability of Alcan.

ARTICLE IV - GENERAL LIABILITY FOR TAXES

4.01 GENERAL LIABILITY

(a) Except as set forth in Sections 5.01 and 6.02, Novelis and the other members of the Novelis Group shall be liable for and shall indemnify and hold harmless any member of the Alcan Group against Taxes relating to any Pre-Separation Period, Post-Separation Period or Straddle Period of any Person that is a member of the Novelis Group on or following the Effective Time.

(b) Except as set forth in Sections 5.01 and 6.02, Alcan and the other members of the Alcan Group shall be liable for and shall indemnify and hold harmless any member of the Novelis Group against Taxes relating to any Pre-Separation

Period, Post-Separation Period or Straddle Period of any Person that is a member of the Alcan Group on or following the Effective Time.

ARTICLE V - ALLOCATION OF LIABILITIES FOR TRANSFER TAXES

5.01 GENERAL ALLOCATION

Each Person that acquires property of any kind or to whom shares are issued in the course of the Reorganization shall be liable for the Transfer Taxes payable in respect of such acquisition of property or share issuance.

ARTICLE VI - DISAFFILIATION

6.01 YEAR END

To the extent permitted by Applicable Law or administrative practice, the taxable year or taxable period of any Former Member whose taxable year or taxable period does not end on or immediately before the Disaffiliation Date, shall close on or immediately before the Disaffiliation Date; such taxable year or taxable period shall be considered a Pre-Disaffiliation Period.

6.02 LIABILITIES RELATING TO PRE-DISAFFILIATION PERIODS FOR TAX CONSOLIDATED GROUPS

(a) Notwithstanding Section 4.01 and subject to Applicable Law:

(i) Novelis shall be liable for and shall indemnify and hold the Alcan Group harmless against (A) any Tax liability of any Former Member for any Pre-Disaffiliation Period, as determined in a manner consistent with past practice and in accordance with the Alcan Group's intragroup method of income tax allocation, or, in the absence thereof, any other permissible allocation methodology as determined by Alcan, and (B) any Tax liability resulting from a Final Determination with respect to an adjustment attributable to such Former Member for any Pre-Disaffiliation Period. Such Former Member shall be entitled to any refund of, or credit for, Taxes of such Former Member or amounts owed by such Former Member or for which such Former Member is responsible under this paragraph (i) of this Section 6.02(a). Any liability for Taxes under this paragraph (i) of this Section 6.02(a) shall be measured by the relevant Alcan Tax Consolidated Group's actual liability for Taxes after applying Tax benefits otherwise available to such Alcan Tax Consolidated Group other than Tax benefits that such Alcan Tax Consolidated Group in good faith determines would actually offset Tax liabilities of such Alcan Tax Consolidated Group in other taxable years or periods. Any right to refund under this paragraph (i) of this Section 6.02(a) shall be measured by the actual refund or credit of such Alcan Tax Consolidated Group attributable to the

adjustment without regard to offsetting Tax attributes or liabilities of such Alcan Tax Consolidated Group; and

(ii) Alcan shall be liable for and shall hold any Former Member harmless against any liability attributable to any member of an Alcan Tax Consolidated Group (other than Persons who are members of the Novelis Group on or following the Effective Time) for any Pre-Disaffiliation Period, including any liability for Taxes asserted against any member of an Alcan Tax Consolidated Group under provisions that impose several liability on members of an affiliated group of corporations that files returns on a consolidated, combined, unitary or similar basis in respect of Taxes of any member of such Alcan Tax Consolidated Group (other than Persons who are members of the Novelis Group on or following the Effective Time). Alcan shall be entitled to any refund of or credit for Taxes for any periods that are attributable to such Alcan Tax Consolidated Group or amounts owed by such Alcan Tax Consolidated Group or for which such Alcan Tax Consolidated Group is responsible under this paragraph (ii) of this Section 6.02(a).

(b) Alcan shall determine, and Novelis shall cause every Former Member to pay, the final amount owed, if any, under clause (A) of Section 6.02(a)(i) for the Fiscal Year 2004 as follows:

(i) within sixty (60) days from the Disaffiliation Date, Novelis shall, and shall cause such Former Member to, provide Alcan with a complete information package for income tax purposes in the customary Alcan format for such Former Member's Fiscal Year 2004, setting forth the operating and nonoperating tax and financial results in sufficient detail to enable Alcan to compute such Former Member's Fiscal Year 2004 Tax liability;

(ii) Alcan will calculate in accordance with the principles of this Agreement and consistent with past practice an estimate of such Former Member's Fiscal Year 2004 Tax liability and submit the calculation to such Former Member within thirty (30) days after the date on which the tax package described in paragraph (i) of this Section 6.02(b) is provided to Alcan;

(iii) the Former Member shall have the right to object in writing to such calculation within thirty (30) days after the date on which the tax package described in paragraph (i) of this Section 6.02(b) is provided to Alcan, on the grounds that there is substantial authority that such calculation is incorrect; provided that if the Former Member so objects:

(1) Alcan and the Former Member shall promptly submit the dispute to an independent accounting or law firm acceptable to both Alcan and the Former Member for prompt resolution, whose decision shall be final and binding on Alcan and the Former Member; and

(2) the party that such accounting or law firm determines has lost the dispute shall pay all of the fees and expenses incurred in connection with submitting such dispute;

(iv) the Former Member shall pay to Alcan the amount determined according to paragraphs (ii) and (iii) of this Section 6.02(b) at least five (5) Business Days prior to the date on which such amount is payable to the competent Tax Authority; and

(v) a determination of the final amount owed, if any, under paragraphs (ii) and (iii) of this Section 6.02(b) by the Former Member to Alcan shall be made when the Alcan Tax Consolidated Group's Fiscal Year 2004 Tax Returns are filed and such final amount shall be paid within thirty (30) days from the date Alcan notifies the Former Member of any additional amounts due, together with interest thereon from the date on which such Tax Return is filed, and amounts owed by Alcan to the Former Member as a refund of an overpayment shall be refunded by Alcan within thirty (30) days, together with interest thereon from the date on which Alcan receives a refund of such amount.

(c) To the extent permitted under applicable Tax laws, Novelis shall, and shall cause each Former Member to, make the appropriate elections to waive any option to carryback any net operating loss, any credits or any similar item to Pre-Disaffiliation Periods in respect of any Tax Returns that are filed by or for an Alcan Tax Consolidated Group. To the extent such an election is not permitted under applicable Tax laws, any Former Member shall be entitled to carryback any net operating loss or other item from a Post-Disaffiliation Period to a Disaffiliation Straddle Period or Pre-Disaffiliation Period, except to the extent that Alcan determines in good faith that such action will cause an actual increase in the Taxes for which the Alcan Group is responsible or will cause an actual reduction in the amount of any refund of Taxes payable to the Alcan Group. Any refund of Taxes resulting from any such carryback by a Former Member shall be payable to such Former Member not later than twenty (20) days after the receipt or crediting of a refund, together with interest thereon from the date on which the refund (together with the interest thereon) is actually received or credited.

(d) Subject to paragraphs (a) to (c) of this Section 6.02, if, in the course of or as a result of the Separation, a Former Member ceases to be a part of an Alcan Tax Consolidated Group, the following rules shall apply:

(i) the disaffiliation or deconsolidation of such Person from the Alcan Tax Consolidated Group shall be treated according to Applicable Law;

(ii) if, under Applicable Law, there is more than one method of implementing or treating such disaffiliation or deconsolidation or if elections can or are required to be made in connection with such disaffiliation or deconsolidation, Alcan shall, in its sole discretion, choose the proper

method or treatment and make the relevant election or decide how any such election should be made, in which case, Novelis and the other members of the Novelis Group shall be bound by Alcan's choice, decision and elections. Novelis shall, and shall cause all other members of the Novelis Group to, file all Tax Returns consistent with Alcan's choice and elections and, where required, join in the making of the relevant elections and otherwise cooperate with Alcan; and

(iii) if Applicable Law is silent about such disaffiliation or deconsolidation, Alcan shall decide, in its sole discretion, how such disaffiliation or deconsolidation should be implemented or treated, and Novelis and the other members of the Novelis Group shall be bound by any decision made by Alcan in this respect and shall be required to take whatever action is required to give effect to such decision. Novelis shall, and shall cause all other members of the Novelis Group to, file all Tax Returns consistent with Alcan's choice and elections and, where required, join in the making of the relevant elections and otherwise cooperate with Alcan.

6.03 EXCEPTION

Sections 6.01 and 6.02 shall not apply to a Former Member that ceases to be part of an Alcan Tax Consolidated Group in the course of or as a result of the Separation if such Former Member and every other member of such Alcan Tax Consolidated Group are members of the Novelis Group on or following the Effective Time. For greater certainty, if a group of Persons forms a sub-group within a larger Alcan Tax Consolidated Group, the exception set forth in the preceding sentence shall apply only if all members of the larger group are members of the Novelis Group on or following the Effective Time.

ARTICLE VII - CONTROL OF TAX CHALLENGES

7.01 CONTROL OF CHALLENGE OF TAX CLAIMS

(a) If a member of the Alcan Group or a member of the Novelis Group (the "INDEMNIFIED PARTY") receives a Claim that could give rise to an indemnification under this Agreement, the Indemnified Party, if a member of the Alcan Group, shall promptly notify Novelis, and if a member of the Novelis Group shall promptly notify Alcan, (in each case the recipient of the notification being the "INDEMNITOR").

(b) The Indemnified Party agrees to contest any Claim and not to settle any Claim without the prior written consent of the Indemnitor, provided that within thirty (30) days after notice of a Claim by the Indemnified Party to the Indemnitor:

(i) the Indemnitor requests in writing that such Claim be contested by the Indemnified Party;

(ii) the Indemnitor shall have provided an opinion of an independent tax counsel, selected by the Indemnitor and reasonably acceptable to the Indemnified Party, to the effect that it is more likely than not that a Final Determination will be substantially consistent with the Indemnitor's position relating to such Claim; and

(iii) the Indemnitor agrees in writing to pay on demand and pays all out-of-pocket costs, losses and expenses (including, but not limited to, legal and accounting fees) paid or incurred by the Indemnified Party in connection with contesting such Claim.

(c) Where a Claim is being contested, and regardless of whether the Indemnified Party is a member of the Alcan Group or of the Novelis Group, Alcan shall determine, in its sole discretion, the nature of all actions to be taken to contest such Claim, including:

(i) whether any action to contest such Claim shall initially be by way of judicial or administrative proceeding, or both;

(ii) whether any such Claim shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof; and

(iii) the court or other judicial body before which judicial action, if any, shall be commenced.

(d) The Indemnitor shall be entitled to participate in contesting any such Claim at its own expense. To the extent the Indemnitor is not participating, the Indemnified Party shall keep the Indemnitor and, upon written request by the Indemnitor, its counsel, informed as to the progress of the contest.

(e) If the Indemnitor requests that the Indemnified Party accept a settlement of a Claim offered by a Taxing Authority and if such Claim may, in the reasonable discretion of the Indemnified Party, be settled without prejudicing any claims a Taxing Authority may have with respect to matters other than the transactions contemplated by the Separation Agreement, the Indemnified Party shall either:

(i) accept such settlement offer; or

(ii) agree with the Indemnitor that the Indemnitor's liability with respect to such Claim shall be limited to the lesser of (A) an amount calculated on the basis of such settlement offer plus interest owed to the Taxing Authority on the date of eventual payment, or (B) the amount calculated on the basis of a Final Determination.

(f) Except as provided below in this paragraph (f), the Indemnified Party shall not settle a Claim that the Indemnitor is entitled to require the Indemnified Party to contest under paragraph (b) of this Section 7.01, without the prior written consent of the Indemnitor. At any time, whether before or after commencing to take any

action pursuant to this Section 7.01 with respect to any Claim, the Indemnified Party may decline to take action with respect to such Claim and may settle such Claim without the prior written consent of the Indemnitor by notifying the Indemnitor in writing that the Indemnitor is released from its obligations to indemnify the Indemnified Party with respect to such Claim (which notification shall release the Indemnitor from such obligations except to the extent the Indemnitor has previously agreed in writing that it would be willing to have its liability calculated on the basis of a settlement offer in accordance with paragraph (e) of this Section 7.01 with respect to any Claim related to such Claim or based on the outcome of such Claim. If the Indemnified Party settles any Claim or otherwise takes or fails to take any action pursuant to this paragraph (f), the Indemnified Party shall pay to the Indemnitor any amounts paid or advanced by the Indemnitor with respect to such Claim (other than amounts payable by the Indemnitor in connection with a settlement offer pursuant to paragraph (e) of this Section 7.01)), plus interest attributable to such amounts.

ARTICLE VIII - COOPERATION, RECORD RETENTION AND CONFIDENTIALITY

8.01 COOPERATION AND RECORD RETENTION

(a) Alcan shall and shall cause each other member of the Alcan Group to, and Novelis shall and shall cause each other member of the Novelis Group to, cooperate with any member of the other Group in the conduct of any audit or the proceedings in respect of a Pre-Separation Period or Straddle Period. Alcan shall and shall cause each other member of the Alcan Group to, and Novelis shall and shall cause each other member of the Novelis Group to, execute and deliver such powers of attorney and make available such other documents as are reasonably necessary to carry out the intent of this Agreement. Alcan shall and shall cause each other member of the Alcan Group to notify Novelis in writing, and Novelis shall and shall cause each other member of the Novelis Group to notify Alcan in writing, of any audit adjustments which do not result in Tax liability but can be reasonably expected to affect Tax Returns of a member of the other Group for any Period.

(b) Alcan shall and shall cause each other member of the Alcan Group to, and Novelis shall and shall cause each other member of the Novelis Group to, in accordance with their respective current record retention policies and all Applicable Laws, retain records, documents, accounting data and other information (including computer data) necessary for the preparation, filing, review or audit of any Tax Returns in respect of any Pre-Separation Period or Straddle Period.

(c) Alcan shall and shall cause each other member of the Alcan Group to, and Novelis shall and shall cause each other member of the Novelis Group to, provide to any member of the other Group reasonable access to such records, documents,

data and information and to personnel and premises and ensure the cooperation of such personnel for the purpose of the review or audit of any Tax Returns in respect of any Pre-Separation Period or Straddle Period.

(d) Novelis shall, and shall cause each other member of the Novelis Group to, provide to Alcan access to such records, documents, data, information, personnel and premises of Novelis and of the other relevant members of the Novelis Group as may be required by Alcan to comply with the Canadian tax regime applicable to Canadian foreign affiliates or to transfer pricing. Without limiting the generality of the foregoing, Novelis shall cause each other member of the Novelis Group that was a foreign affiliate (as defined in the Tax Act) of Alcan before the Separation, upon request by Alcan, to:

(i) respond in full to the annual questionnaire of the CRA concerning foreign affiliates (generally known as the "Foreign Affiliate Reporting Package") within three (3) months of the receipt of such questionnaire;

(ii) provide Alcan with complete financial statements;

(iii) respond to questions concerning Form T-106 within one (1) month of receipt; and

(iv) respond promptly to other relevant questions for the purposes of the foreign affiliate regime or the transfer-pricing regime in all cases for any Pre-Separation Period or Straddle Period.

8.02 Confidentiality

(a) Alcan shall and shall cause each other member of the Alcan Group to (i) treat in a confidential manner all information and data relating to Novelis and every other member of the Novelis Group that it may receive or have access to pursuant to the provisions of this Agreement and (ii) not disclose any such information to any third party except (A) to the extent required by Applicable Law or by an order from a competent tribunal, (B) to the extent required to interpret, give effect to or enforce this Agreement, (C) to tax, audit or legal professionals on a need-to-know basis, or (D) with the prior written consent of Novelis.

(b) Novelis shall and shall cause each other member of the Novelis Group to (i) treat in a confidential manner all information and data relating to Alcan and every other member of the Alcan Group that it may receive or have access to pursuant to the provisions of this Agreement and (ii) not disclose any such information to any third party except (A) to the extent required by Applicable Law or by an order from a competent tribunal, (B) to the extent required to interpret, give effect to or enforce this Agreement, (C) to tax, audit or legal professionals on a need-to-know basis, or (D) with the prior written consent of Alcan.

ARTICLE IX - TAX RETURNS

9.01 TAX RETURNS

(a) Alcan shall prepare or cause to be prepared all Tax Returns with respect to members of the Novelis Group, including those Tax Returns that are filed on a consolidated, combined, unitary or similar basis, that are required to be filed in respect of any Pre-Separation Period or Straddle Period and Novelis shall file or shall cause such Tax Returns to be filed by the member customarily responsible for the filing of such Tax Returns within the period prescribed therefor.

(b) In respect of any Period other than a Pre-Separation Period or a Straddle Period:

(i) Alcan shall, and shall cause each other responsible member of the Alcan Group to, file or cause to be filed all Tax Returns with respect to members of the Alcan Group; and

(ii) Novelis shall, and shall cause each other responsible member of the Novelis Group to, file or cause to be filed all Tax Returns with respect to members of the Novelis Group.

(c) No member of the Novelis Group shall amend any of its Tax Returns for any Pre-Separation Period or Straddle Period without the prior written consent of Alcan, such consent not to be unreasonably withheld or delayed. For the purpose of the preceding sentence, it shall not be unreasonable for Alcan to withhold its consent where such amendment would negatively impact Alcan or any other member of the Alcan Group as determined by Alcan in its sole discretion.

(d) For the purposes of paragraph (a) of this Section 9.01, Alcan shall be entitled:

(i) to conclusively rely on any information or data supplied to it by any member of the Novelis Group or by the auditors, advisors or representatives of any member of the Novelis Group; and

(ii) subject to paragraph (b) of Section 6.02, make all determinations or decisions that are of an elective or discretionary nature.

ARTICLE X - TRANSFER PRICING ISSUES

10.01 TRANSFER PRICING ISSUES

(a) If any Taxing Authority proposes to increase the income of a member of the Alcan Group or of the Novelis Group (the "FIRST GROUP") as a result of the supply of property or services by such member of the First Group to a member of

the other group (the "SECOND GROUP") or by a member of the Second Group to such member of the First Group on the basis of any affiliation or other relationship between such persons. Alcan shall cause the relevant member of the Alcan Group, and Novelis shall cause the relevant member of the Novelis Group, to comply with the principles set forth in paragraphs (b) to (g) of this Section 10.01.

(b) The relevant member of the First Group shall promptly notify the relevant member of the Second Group as well as (i) Alcan if the relevant member of the Second Group is a member of the Alcan Group or (ii) Novelis if the relevant member of the Second Group is a member of the Novelis Group.

(c) The relevant member of the First Group shall have the right to challenge such proposed adjustment, in which the case the relevant member of the Second Group shall cooperate with the relevant member of the First Group including, if so requested by the relevant member of the First Group, to (i) seek a determination in respect of such proposed adjustment from the Taxing Authority in any jurisdiction in which the relevant member of the Second Group is resident or carries on business, or (ii) challenge such proposed adjustment in any such jurisdiction. The relevant member of the First Group shall reimburse the relevant member of the Second Group for all its reasonable out-of-pocket expenses incurred for this purpose.

(d) Once a Final Determination has been made by the relevant Taxing Authority with respect to the proposed adjustment, or if the relevant member of the First Group decides not to challenge the proposed adjustment, then the relevant member of the Second Group shall pay to the relevant member of the First Group an amount equal to Tax savings (including interest) or other relief that the relevant member of the Second Group (or any other member of the Second Group, as allowed under Applicable Law) will or may achieve or obtain as a result of such adjustment. If the Tax savings or other relief are in the form of a reduction of cash Taxes for the same Period or a preceding Period, the amount payable by the relevant member of the Second Group shall be equal to the amount of such Tax savings. In any other case, the amount of the payment shall be equal to the net present value of such Tax savings or other relief using an annual discount rate of 8%. Any such payment shall be treated as a payment for the supply of property or services by the relevant member of the First Group to the relevant member of the Second Group which gave rise to the relevant adjustment. In the event that the relevant member of the First Group disagrees with the amount of the Tax savings achieved by the relevant member of the Second Group in any jurisdiction as determined by the Taxing Authority in such jurisdiction, paragraph (c) of this Section 10.01 shall apply mutatis mutandis.

(e) No member of the Novelis Group shall request or initiate any adjustment described above without the prior written consent of Alcan.

(f) The principles set out in this Article X shall apply to (i) transactions that have already given rise to an adjustment or proposed adjustment by a Taxing Authority, (ii) transactions completed before the Effective Time that, as of the Effective Time, have not given rise to an adjustment or proposed adjustment and (iii) transactions completed on or after the Effective Time.

(g) For the purposes of this Article X, if a Person who would otherwise be a member of the Alcan Group prior to the Effective Time is a member of the Novelis Group on or following the Effective Time, such Person shall be deemed, with respect to the period prior to the Effective Time, (i) to be a member of the Novelis Group and (ii) not to be a member of the Alcan Group.

ARTICLE XI - DISPUTE RESOLUTION

11.01 DISPUTE RESOLUTION AGREEMENT TO APPLY

Save as provided for in paragraph (iii) of Section 6.02(b), the Dispute Resolution Agreement among the Parties and other parties thereto shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) among the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby), or the commercial or economic relationship of the Parties relating hereto or thereto.

ARTICLE XII - MISCELLANEOUS

12.01 EFFECT ON OTHER TAX SHARING AGREEMENTS

Except where Section 6.03 applies (i.e., where every member of an Alcan Tax Consolidated Group becomes a member of the Novelis Group on or following the Effective Time), any and all prior tax sharing agreements or practices between any member of the Alcan Group and any Former Member shall be terminated and superseded by this Agreement on the relevant Disaffiliation Date for the parties to such tax sharing agreement or practice.

12.02 COUNTERPARTS

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties.

12.03 ENTIRE AGREEMENT

This Agreement and the Separation Agreement, the schedules and exhibits hereto and thereto and the specific agreements contemplated herein or thereby contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, oral or written, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein or therein.

12.04 INCONSISTENCIES WITH SEPARATION AGREEMENT

Where any inconsistency between a provision of this Agreement and a provision of the Separation Agreement arises as regards to taxation matters, the provisions of this Agreement shall prevail.

12.05 AFTER-TAX LIABILITY

The amount of any Liability for which indemnification is provided under this Agreement or under the Separation Agreement and which is payable to an Indemnified Party by the Indemnitor pursuant to this Agreement or by the Indemnifying Party (as said term is defined in the Separation Agreement) pursuant to the Separation Agreement, shall be adjusted to take into account any tax benefit realized by the Indemnified Party or any of its Affiliates by reason of the Liability for which indemnification is so provided or the circumstances giving rise to such Liability. For purposes of this Section, any tax benefit shall be taken into account at such time as it is received by the Indemnified Party or its Affiliate. Conversely, if any such indemnity payment received by an Indemnified Party pursuant to this Agreement or pursuant to the Separation Agreement would constitute income for tax purposes to such Indemnified Party, the Indemnitor or the Indemnifying Party, as applicable, shall pay to the Indemnified Party such additional amount as is necessary to place the Indemnified Party in the same after tax position as it would have been in had the Liability out of which such indemnity payment arose not occurred.

12.06 GOVERNING LAW

(a) Subject to paragraph (b) of this Section 12.06, this Agreement shall be governed by, construed and interpreted in accordance with the laws applicable in the Province of Quebec, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

(b) The interpretation or application of this Agreement to matters pertaining to Taxes that are assessed or payable in jurisdictions other than Canada shall be governed by the laws of that other jurisdiction irrespective of conflict of laws principles under the laws of such jurisdiction, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies, and where such other jurisdiction is the United States, the laws of the State of New York shall apply.

12.07 DISCLAIMER REGARDING TAX ATTRIBUTES

Except as specifically provided in this Agreement, no representation or warranty is being made by Alcan or any other member of the Alcan Group in this Agreement regarding the tax attributes of the properties or entities that are to be transferred, directly or indirectly, to Arcustarget or Novelis as part of the Reorganization or the Arrangement.

12.08 TAX SERVICES - CONFLICTS

For a period of two (2) years following the Effective Date, Novelis shall not, and shall cause each other member of the Novelis Group not to, use the services in the area of taxation of any accounting or law firm that rendered professional services in the area of taxation to Alcan or to any other member of the Alcan Group in connection with the Separation, except with the prior written consent of Alcan.

12.09 TAX LIABILITY

For the purposes of Articles IV, V, VI and X of this Agreement, when, under Applicable Law, the primary liability for a Tax rests with one Person but another Person is also liable to pay such Tax or any portion thereof (or an amount equal to such Tax or any portion thereof) due to the relationship between such Persons or as a result of a payment or other transaction between such Persons, such Tax shall be considered as a Tax of the first Person and not as a Tax of the second Person.

12.10 NOTICES

All notices and other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) on the date of delivery, if delivered personally, (b) on the first Business Day following the day of dispatch if delivered by a nationally recognized next-day courier service, (c) on the date of actual receipt if delivered by registered or certified mail, return receipt requested, postage prepaid or (d) if sent by facsimile transmission, when transmitted and receipt is confirmed by telephone. All notices hereunder shall be delivered as follows:

If to Alcan, to:

Alcan Inc.
1188 Sherbrooke Street West
Montreal, Quebec H3A 3G2
Fax: 514-848-8436
Attention: Chief Legal Officer

With a copy to:

Alcan Inc.
1188 Sherbrooke Street West
Montreal, Quebec H3A 3G2
Fax: 514-848-8115
Attention: Chief Tax Officer

If to Novelis or Arcustarget, to:

Novelis Inc.
Suite 3800
Royal Bank Plaza, South Tower
P.O. Box 24
200 Bay Street
Toronto, Ontario M5J 2Z4
Fax: 416-216-3930
Attention: Chief Executive Officer

If to AC, to:

Alcan Corporation
6060 Parkland Boulevard
Cleveland, Ohio 44124
U.S.A.
Fax: 440-423-6663
Attention: Chief Executive Officer

If to AAC, to:

Novelis Corporation
6060 Parkland Boulevard
Cleveland, Ohio 44124
U.S.A.
Fax: 440-423-6663
Attention: Chief Executive Officer

Any Party may, by notice to the other Parties, change the address or facsimile number to which such notices are to be given.

12.11 INTEREST

Where in this Agreement an amount of interest is stipulated to be payable, such interest shall be computed at an annual rate of 7% unless otherwise specified, calculated on the basis of a year of 365 or 366 days, as applicable, for the actual number of days elapsed, accrued from and excluding the date on which the principal amount with respect to which such interest is payable is due and payable, up to and including the date of payment.

12.12 ASSIGNABILITY

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and thereto, respectively, and their respective successors and assigns; provided, however, that no Party hereto may assign its respective rights or delegate its respective obligations under this Agreement without the express prior written consent of the other Party, not to be unreasonably withheld or delayed.

12.13 SEVERABILITY

If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

12.14 WAIVERS OF DEFAULT

Waiver by any Party of any default by another Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party.

12.15 DEADLINES

Where in this Agreement a Person is required to send a notice, make a decision or take any other action within a certain period of time or before a certain date or deadline, Alcan and Novelis may, by mutual agreement to be evidenced in writing, decide to extend or shorten such period of time or forestall or postpone such date or deadline.

12.16 AMENDMENTS

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

12.17 FURTHER ASSURANCES

Each of the Parties will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all further acts, documents and things as the other Parties to this Agreement may reasonably require from time to time for the purpose of giving effect to this Agreement and will use reasonable efforts and take any steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties have caused this Tax Sharing and Disaffiliation Agreement to be executed by their duly authorized representatives.

ALCAN INC.

By: /s/ David McAusland

Name:

Title:

NOVELIS INC.

By: /s/ Brian W. Sturgell

Name:

Title:

ARCUSTARGET INC.

By: /s/ Brian W. Sturgell

Name:

Title:

ALCAN CORPORATION

By: /s/ David McAusland

Name:

Title:

NOVELIS CORPORATION

By: /s/ Brian W. Sturgell

Name:

Title:

EXECUTION COPY

Exhibit 10.7

TRANSITIONAL SERVICES AGREEMENT

between

ALCAN INC.

and

NOVELIS INC.

Dated January 3, 2005

TABLE OF CONTENTS

SCHEDULES

TRANSITIONAL SERVICES AGREEMENT

THIS AGREEMENT entered into in the City of Montreal, Province of Quebec, is dated January 3, 2005.

BETWEEN: ALCAN INC., a corporation organized under the Canada Business Corporations Act ("ALCAN");

AND: NOVELIS INC., a corporation incorporated under the Canada Business Corporations Act ("NOVELIS").

RECITALS:

WHEREAS Alcan and Novelis have entered into a Separation Agreement pursuant to which the Parties (as defined hereinafter) set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined therein) such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS in connection therewith, Novelis desires that Alcan and other members of Alcan Group, as applicable, provide Novelis and other members of Novelis Group, as applicable, with certain transitional services with respect to the operation of Novelis Group following the Effective Date, subject to the terms and conditions of this Agreement.

WHEREAS in connection therewith, Alcan desires that Novelis and other members of Novelis Group, as applicable, provide Alcan and other members of Alcan Group, as applicable, with certain transitional services with respect to the operation of Alcan Group following the Effective Date, subject to the terms and conditions of this Agreement.

WHEREAS the Parties have entered into this Agreement in order to set forth such terms and conditions.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

For the purposes of this Agreement, the following words and expressions and variations thereof, unless a clearly inconsistent meaning is required under the context, shall have the meanings specified or referred to in this Section 1.1:

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the

date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise, and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" has the meaning set forth in Article 2.

"ALCAN" means Alcan Inc., a corporation organized under the Canada Business Corporations Act.

"ALCAN CONFIDENTIAL INFORMATION" has the meaning set forth in Section 13.2.

"ALCAN GROUP" means Alcan and its Subsidiaries from time to time after the Effective Time.

"ALCAN GROUP COMPANY" means any Person forming part of the Alcan Group.

"ALCAN INDEMNIFIED PARTIES" has the meaning set forth in Section 14.1.

"ANCILLARY AGREEMENT" has the meaning ascribed thereto in the Separation Agreement.

"APPLICABLE LAW" means any applicable law, statute, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the City of Montreal (Canada) or in the City of New York (United States), is a legal holiday or (ii) a day on which banks are authorized by Applicable Law to close in the City of Montreal (Canada) or in the City of New York (United States).

"CHIEF REPRESENTATIVE" has the meaning set forth in Section 7.8(c).

"COMMERCIALLY REASONABLE EFFORTS" means the efforts that a reasonable and prudent Person desirous of achieving a business result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible in the context of commercial relations of the type envisaged by this Agreement; provided, however, that an obligation to use Commercially Reasonable Efforts under this Agreement does not require the Person subject to that obligation to assume any material obligations or pay any material amounts to a Third Party.

"CONFIDENTIAL INFORMATION" has the meaning ascribed thereto in the Separation Agreement.

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"CONTRACT" means any contract, agreement, lease, license, commitment, consensual obligation, promise or undertaking (whether written or oral and whether express or implied) that is legally binding on any Person or any part of its property under Applicable Law.

"DOLLARS" or "$" means the lawful currency of the United States of America.

"EFFECTIVE DATE" means the effective date of the Separation Agreement as therein defined.

"EFFECTIVE TIME" means 12:01 a.m. Montreal time on the Effective Date.

"EVENT OF DEFAULT" has the meaning set forth in Section 8.1.

"EXPIRATION DATE" has the meaning set forth in Article 5.

"FORCE MAJEURE EVENT" has the meaning set forth in Section 17.7.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.

"GROUP" means Alcan Group or Novelis Group, as the context requires.

"IMPRACTICABILITY" has the meaning set forth in Section 3.3.

"INTELLECTUAL PROPERTY AGREEMENT" means, individually or collectively, the Intellectual Property Agreements by and between Alcan International Limited and Novelis, as amended, restated or modified from time to time, and constituting an Ancillary Agreement to the Separation Agreement.

"LIABILITIES" has the meaning ascribed thereto in the Separation Agreement.

"NOVELIS" means Novelis Inc., a corporation incorporated under the Canada Business Corporations Act.

"NOVELIS CONFIDENTIAL INFORMATION" has the meaning set forth in Section 13.2.

"NOVELIS GROUP" means Novelis and its Subsidiaries from time to time after the Effective Time.

"NOVELIS INDEMNIFIED PARTIES" has the meaning set forth in Section 14.1.

"OPERATING COMMITTEE" has the meaning set forth in Section 4.1.

"PARTY" means each of Alcan and Novelis as a party to this Agreement and "PARTIES" means both of them.

"PERMITTED PURPOSE" has the meaning set forth in Section 13.3.

"PERSON" means any individual, Business Concern or Governmental Authority.

"PRIME RATE" means the floating rate of interest established from time to time by the Royal Bank of Canada (the "BANK") as the reference rate of interest the Bank will use to determine rates of interest payable by its borrowers on US dollar commercial loans made by the Bank to such borrowers in Canada and designated by the Bank as its "prime rate" and which shall change from time to time as changed by the Bank.

"SALES TAXES" means any sales, use, consumption, goods and services, value added or similar tax, duty or charge imposed pursuant to Applicable Law.

"SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.

"SERVICE(S)" has the meaning set forth in Section 3.1.

"SERVICE MANAGER" has the meaning set forth in Section 7.8(c).

"SERVICE PROVIDER" means Alcan or a member of Alcan Group when it is providing a Service to Novelis or a member of Novelis Group hereunder in accordance with a Transition Service Schedule, and Novelis or a member of Novelis Group when it is providing a Service to Alcan or a member of Alcan Group hereunder in accordance with a Transition Service Schedule.

"SERVICE RECIPIENT" means Novelis or a member of Novelis Group when it is receiving a Service from Alcan or a member of Alcan Group hereunder in accordance with a Transition Service Schedule, and Alcan or a member of Alcan Group when it is receiving a Service from Novelis or a member of Novelis Group hereunder in accordance with a Transition Service Schedule.

"SUBCONTRACTOR" has the meaning set forth in Section 10.1.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which of a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person.

"TERM" has the meaning set forth in Article 5.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member of Alcan Group or a member of Novelis Group and that is not an Affiliate of such Group.

"THIRD PARTY CLAIM" has the meaning set forth in the Separation Agreement.

"TRANSITION SERVICE SCHEDULE" has the meaning set forth in Article 2.

1.2 CURRENCY

Except as otherwise specified in a Transition Service Schedule, all references to currency herein are to lawful money of the United States of America.

2. TRANSITION SERVICE SCHEDULES

This Agreement will govern individual transitional Services as requested by Novelis or any other member of Novelis Group, and provided by Alcan or any other member of Alcan Group, the details of which are set forth in the Transition Service Schedules attached to and forming part of this Agreement. This Agreement will also govern individual transitional Services as requested by Alcan or any other member of Alcan Group, and provided by Novelis or any other member of Novelis Group, the details of which are set forth in the Transition Service Schedules attached to and forming part of this Agreement. Each Service shall be covered by this Agreement upon execution of a transition service schedule in the form attached hereto (each transition service schedule, a "TRANSITION SERVICE SCHEDULE").

For each Service, the Parties shall set forth in a Transition Service Schedule substantially in the form of SCHEDULE 1 hereto, among other things, (i) the time period during which the Service will be provided if different from the Term of this Agreement; (ii) a summary of the Service to be provided; and (iii) the method for determining the charge, if any, for the Service and any other terms applicable thereto. Obligations regarding a Transition Service Schedule shall be effective upon the later of the Effective Date of this Agreement or the date of execution of the applicable Transition Service Schedule. This Agreement and all the Transition Service Schedules shall be defined as the "AGREEMENT" and incorporated herein wherever reference to it is made.

3. SERVICES

3.1 SERVICES GENERALLY

Except as otherwise provided herein, for the Term hereof, (a) Alcan shall provide to Novelis and the other members of Novelis Group, and shall cause the other applicable members of Alcan Group to provide or cause to be provided to Novelis and the other members of Novelis Group, and (b) Novelis shall provide to Alcan and the other members of Alcan Group, and shall cause the other applicable members of

Novelis Group to provide or cause to be provided to Alcan and the other members of Alcan Group, the Services described in the Transition Service Schedule(s) attached hereto identified on such Schedules as Services to be provided by members of Alcan Group or Novelis Group, as applicable. The Service(s) described on a single Transition Service Schedule shall be referred to herein as a "SERVICE". Collectively, the services described on all the Transition Service Schedules shall be referred to herein as "SERVICES". Alcan and Novelis shall cause the members of their respective Groups to, if applicable, comply with the terms and conditions set forth in this Agreement or in the Transition Services Schedules.

3.2 SERVICE LEVELS

Except as otherwise provided in a Transition Service Schedule for a specific service: (i) a Service Provider shall provide the Services only to the extent such Services are being provided by Alcan or any other member of Alcan Group or by Arcustarget Inc. or any of its Subsidiaries immediately prior to the Effective Date and at a level of service substantially similar to that provided by Alcan or any other member of Alcan Group or by Arcustarget Inc. or any of its Subsidiaries immediately prior to the Effective Date; and (ii) the Services will be available only for purposes of conducting the business of the Service Recipient substantially in the manner it was conducted prior to the Effective Time; provided, however, that nothing in this Agreement will require a Party to favor the other Party over its other business operations. Except as otherwise provided in a Transition Service Schedule in respect of a specific Service, the Parties will not be entitled to any new service.

3.3 IMPRACTICABILITY

A Service Provider shall not be required to provide any Service to the extent the performance of such Service becomes impracticable as a result of a cause or causes outside the reasonable control of the Service Provider, including unfeasible technological requirements, or to the extent the performance of such Services would require the Service Provider to violate any Applicable Law, or would result in the breach of any license, Governmental Authorization or Contract (an "IMPRACTICABILITY").

3.4 ADDITIONAL RESOURCES

In accordance with Section 7.8 below and except as specifically provided in a Transition Service Schedule for a specific Service, in providing the Services, a Service Provider shall not be obligated to: (i) hire any additional employees; (ii) maintain the employment of any specific employee; (iii) purchase, lease or license any additional facilities, equipment or software; or (iv) pay any costs related to the transfer or conversion of the Service Recipient's data to the Service Provider or any alternate supplier of Services.

4. OPERATING COMMITTEE

4.1 ORGANIZATION

The Parties shall create an operating committee (the "OPERATING COMMITTEE") and shall each appoint one (1) employee to the Operating Committee for the Term. The Operating Committee will oversee the implementation and application of this Agreement and shall attempt to resolve any dispute between the Parties. Each of the Parties shall have the right to change its Operating Committee member at any time with employees of comparable knowledge, expertise and decision-making authority.

4.2 DECISION MAKING

All Operating Committee decisions shall be taken unanimously. If the Operating Committee fails to make a decision, resolve a dispute, agree upon any necessary action, or if a Party so requests, in the event of a material breach of this Agreement, a senior officer of Alcan and a senior officer of Novelis, neither of whom shall have any direct oversight or responsibility for the subject matter in dispute, shall attempt within a period of fourteen (14) days to conclusively resolve any such unresolved issue.

4.3 MEETINGS

During the Term, the Operating Committee members shall meet, in person or via teleconference, at least once in each week. In addition, the Operating Committee shall meet as often as necessary in order to promptly resolve any disputes submitted to it by any representative of either Party.

5. TERM

The term of this Agreement shall commence on the Effective Date and end on December 31, 2005 (the "EXPIRATION DATE"), unless earlier terminated under Article 8 or extended or earlier terminated as hereinafter provided, (the "TERM"). The Parties shall be deemed to have extended this Agreement with respect to a specific Service if the Transition Service Schedule for such Service specifies a completion date beyond the Expiration Date. The Parties may agree on an earlier expiration date respecting a specific Service by specifying such date on the Transition Service Schedule for that Service. Services shall be provided up to and including the date set forth in the applicable Transition Service Schedule, subject to earlier termination as provided in Article 8. It shall be the sole responsibility of the Service Recipient, upon and after expiration or early termination of this Agreement with respect to a specific Service, to perform, render and provide for itself (or to make arrangements with one or more Third Party service providers to perform, render and provide) such Service, and to do all necessary planning and make all necessary preparations in connection therewith.

6. COMPENSATION

6.1 CHARGES FOR SERVICES

The Service Recipient shall pay the Service Provider the charges, if any, set forth on the Transition Service Schedules for each of the Services listed therein as adjusted, from time to time, in accordance with the processes and procedures established under Sections 7.1 and 7.2 hereof. Unless specifically indicated otherwise on a Transition Service Schedule, such fees shall be equal to the aggregate of all direct and indirect costs and expenses incurred by the Service Provider in providing the Services plus a margin equal to five percent (5%) of all such costs and expenses. No margin shall be added to the cost of services supplied by external suppliers or subcontractors required in order to render the Services. If there is any inconsistency between the Transition Service Schedule and this Section 6.1, the terms of the Transition Service Schedule shall govern. The Parties also intend, having regard to the reciprocal and transitional nature of this Agreement and other factors, for charges to be easy to administer and justify; and, therefore, they hereby acknowledge that it may be counterproductive to try to recover every cost, charge or expense, particularly those that are insignificant or de minimus.

6.2 PAYMENT TERMS

Subject to Section 6.4 and except as otherwise specified in a Transition Service Schedule, the Service Provider shall invoice the Service Recipient monthly (or on such other basis as the Parties may mutually determine) for all charges pursuant to this Agreement. Such invoices shall specify the Services provided to the Service Recipient during the preceding month and identifying the Service fee applicable to each Service so specified, and shall be accompanied by reasonable documentation or other reasonable explanations supporting such charges. Except as otherwise specified in a Transition Service Schedule, the Service Recipient shall pay, net of applicable withholding tax, if any, the Service Provider for all Services provided hereunder within thirty (30) days after receipt of an invoice therefor by wire transfer of immediately available funds to the account designated by the Service Provider for this purpose. Late payments shall bear interest at a rate per annum equal to the Prime Rate plus 2%, calculated for the actual number of days elapsed, accrued from and excluding the date on which such payment was due up to and including the date of payment.

For the purpose of the Interest Act (Canada) and disclosure thereunder, whenever interest to be paid hereunder is to be calculated on the basis of a year of 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either 360 or such other period of time, as the case may be.

6.3 TAXES

The fees and charges payable by the Service Recipient under this Agreement and set forth on the Transition Service Schedules shall be exclusive of any Sales Taxes or excise taxes or any customs or import charges or duties or any similar charges or duties which may be imposed by any Governmental Authority in connection with the purchase or delivery of the Services or materials to the Service Recipient. The Service Recipient shall remit to the Service Provider any Sales Taxes properly payable to the Service Provider pursuant to this Agreement. Applicable Sales Taxes shall be indicated by the Service Provider separately on all of the Service Provider's invoices. The Parties shall co-operate with each other to minimize each other's applicable Sales Taxes and each shall provide the other with any reasonable certificates or documents which are useful for such purpose.

6.4 SET OFF

Unless otherwise agreed, neither Party shall be entitled to set off against any amounts due to the other under this Agreement any amounts due to it from such other Party under this Agreement.

The Parties may, by decision of the Operating Committee or otherwise, agree to consolidate all or any of their respective monthly invoicing under Section 6.2 and may further agree that the corresponding invoices will be discharged by set off, with the debtor of the larger invoice making payment of the net amount owing after deduction of the amount invoiced by such debtor to the other Party. Such practice, if commenced, may be discontinued at any time at the request of either Party. Notwithstanding any such set off, any amount in respect of Sales Taxes required to be remitted by one Party to the other Party pursuant to this Agreement shall be remitted in full as if no set off had occurred.

6.5 PERFORMANCE UNDER ANCILLARY AGREEMENTS

Notwithstanding anything to the contrary contained herein, a Service Recipient shall not be charged under this Agreement for any obligations that are specifically required to be performed under the Separation Agreement or any other Ancillary Agreement; and any such other obligations shall be performed and charged for (if applicable) in accordance with the terms of the Separation Agreement or such other Ancillary Agreement.

6.6 ERROR CORRECTION; TRUE-UPS; ACCOUNTING

The Parties shall agree to develop, through the Operating Committee or otherwise, mutually acceptable reasonable processes and procedures for conducting internal audits and making adjustments to charges as a result of the movement of employees and functions between the Parties, the discovery of errors or omissions in charges, as well as a true-up of amounts owed. In no event shall such processes and procedures extend beyond eighteen (18) months after completion of a Service.

7. GENERAL OBLIGATIONS; STANDARD OF CARE

7.1 PERFORMANCE METRICS: ALCAN GROUP

Subject to Sections 3.2 to 3.4 and any other terms and conditions of this Agreement, Alcan shall maintain, and shall cause the relevant other members of Alcan Group to maintain, sufficient resources to perform their obligations hereunder. Specific performance metrics for Alcan for a specific Service may be set forth in the corresponding Transition Service Schedule. Where none is set forth, Alcan and the other relevant members of Alcan Group shall use Commercially Reasonable Efforts to provide Services, or to cause the Services to be provided, in accordance with Alcan's policies, procedures, service levels and practices in effect before the Effective Date and shall exercise the same care and skill as Alcan exercises in performing similar services for itself or for the other members of Alcan Group. In addition, to the extent within the possession and control of Alcan and the other relevant members of Alcan Group, Alcan shall provide, and shall cause the other relevant members of Alcan Group to provide, Novelis and the other relevant members of Novelis Group with information and documentation sufficient for Novelis and the other relevant members of Novelis Group to perform the Services they are obligated to perform hereunder as they were performed before the Effective Date and shall make available, as reasonably requested by Novelis or the other relevant members of Novelis Group, sufficient resources and timely decisions, approvals and acceptances in order that Novelis and the other relevant members of Novelis Group may perform their obligations hereunder in a timely manner.

7.2 PERFORMANCE METRICS: NOVELIS GROUP

Subject to Sections 3.2 to 3.4 and any other terms and conditions of this Agreement, Novelis shall maintain, and shall cause the other relevant members of Novelis Group to maintain, sufficient resources to perform their obligations hereunder. Specific performance metrics for Novelis for a specific Service may be set forth in the corresponding Transition Service Schedule. Where none is set forth, Novelis and the other relevant members of Novelis Group shall use Commercially Reasonable Efforts to provide Services, or to cause the Services to be provided, in accordance with Alcan's policies, procedures, service levels and practices in effect before the Effective Date and shall exercise the same care and skill as Novelis exercises in performing similar services for itself or for the other members of Novelis Group. In addition, to the extent within the possession and control of Novelis and the other relevant members of Novelis Group, Novelis shall provide, and shall cause the other relevant members of Novelis Group to provide, Alcan and the other relevant members of Alcan Group with information and documentation sufficient for Alcan and the other relevant members of Alcan Group to perform the Services they are obligated to perform hereunder as they were performed before the Effective Date and shall make available, as reasonably requested by Alcan or the other relevant members of Alcan Group, sufficient resources and timely decisions, approvals and

acceptances in order that Alcan and the other relevant members of Alcan Group may perform their obligations hereunder in a timely manner.

7.3 DISCLAIMER OF WARRANTIES

Except as expressly provided in this Agreement, neither Alcan nor Novelis makes any warranties or conditions, express, implied, conventional or statutory, including but not limited to, the implied warranties or conditions of merchantability, of quality or fitness for a particular purpose, with respect to the Services or other items or deliverables provided by it or any other member of its Group hereunder or any transactions contemplated herein.

7.4 TRANSITIONAL NATURE OF SERVICES; CHANGES

The Parties acknowledge the transitional nature of the Services and that a Service Provider may make changes from time to time in the manner of performing the Services if the Service Provider is making similar changes in performing similar services for itself and if the Service Provider furnishes to the Service Recipient with reasonable notice in the circumstances regarding such changes.

7.5 RESPONSIBILITY FOR ERRORS; DELAYS

Except in the case of Service Provider's gross negligence, bad faith or wilful misconduct, a Service Provider's sole responsibility to a Service Recipient:

(a) for errors or omissions in Services, shall be to furnish correct information, payment and/or adjustment in the Services, at no additional cost or expense to the Service Recipient; provided that the Service Provider must promptly advise the Service Recipient of any such error or omission of which it becomes aware after using Commercially Reasonable Efforts to detect any such errors or omissions in accordance with the standard of care set forth in Sections 7.1 and 7.2; and

(b) for failure to deliver any Service because of Impracticability, shall be to use Commercially Reasonable Efforts, subject to Section 3.3, to make the Services available or to resume performing the Services as promptly as reasonably practicable.

7.6 COOPERATION; CONSENTS

The Parties shall, and shall cause the other relevant members of their respective Groups to, cooperate with each other in all matters relating to the provision and receipt of Services. Such cooperation shall include exchanging information, performing true-ups and adjustments, and obtaining all Third Party Consents, licenses or sublicenses necessary to permit each Party to perform its obligations hereunder (including by way of example, not by way of limitation, rights to use Third Party software needed for the performance of Services). Pursuant to Section 11.4, the

costs of obtaining such Third Party Consents, licenses or sublicenses shall be borne by the Service Recipient. The Parties shall maintain, and shall cause the other relevant members of their respective Groups to maintain, in accordance with its standard document retention procedures, documentation supporting the information relevant to cost calculations contained in the Transition Service Schedules.

With respect to those Services that, in the reasonable opinion of the Service Recipient, relate to matters of internal control over financial reporting and with respect to which Alcan or Novelis, as the case may be, reasonably believes a SAS 70 Type II Report is necessary in order to permit its management to perform an adequate assessment of internal control over financial reporting (and to permit its auditors to audit its internal control over financial reporting and management's assessment thereof), upon reasonable request by Alcan or Novelis, as the case may be, no later than 30 days before the end of the 2005 calendar year, the Service Provider shall provide to Alcan or Novelis, as the case may be, a SAS 70 Type II Report within 45 days of the end of such calendar year. Such SAS 70 Type II Report must be prepared by the Service Provider's independent auditors in accordance with Statement on Auditing Standards No. 70, Service Organizations ("SAS 70"), and must include an opinion with respect to the controls that are in effect at the Service Provider over the practices and procedures relating to the Service Provider's performance of such Services under this Agreement. The Service Provider will, and will use Commercially Reasonable Efforts to cause its external auditors to, provide information to Alcan or Novelis and Alcan's or Novelis' external auditors, as the case may be, in order to allow Alcan or Novelis, as the case may be, and Alcan's or Novelis' respective external auditors, as the case may be, to perform procedures with respect to the SAS 70 Type II Report delivered hereunder and the controls to which such report relates that are required by generally accepted auditing standards, including, without limitation, PCAOB Auditing Standard No. 2, and by Section 404 of the Sarbanes-Oxley Act and the rules promulgated thereunder. All expenditures incurred by a Service Provider in performing its obligations under this paragraph shall be payable by the Service Recipient.

7.7 ALTERNATIVES

If a Service Provider reasonably believes it is unable to provide any Service because of a failure to obtain necessary Consents, licenses or sublicenses pursuant to Section 7.6 or because of Impracticability, the Parties shall cooperate to determine the best alternative approach. Until such alternative approach is found or the problem otherwise resolved to the satisfaction of the Parties, the Service Provider shall use Commercially Reasonable Efforts subject to Sections 3.2, 3.3 and 3.4, to continue providing the Service. To the extent an agreed upon alternative approach requires the occurrence of costs or expenditures above and beyond that which is included in the Service Provider's charge for the Service in question, such additional costs and expenditures shall, unless otherwise agreed, be borne by the Service Recipient.

7.8 PERSONNEL

(a) RIGHT TO DESIGNATE AND CHANGE PERSONNEL. The Service Provider will make available such personnel as will reasonably be required to provide the Services described in the Transition Service Schedules. The Service Provider will have the right to designate which personnel it will assign to perform the Services. The Service Provider also will have the right to remove and replace any such personnel at any time or designate any of its Affiliates or a Subcontractor at any time to perform the Services, subject to the provisions of Article 10; provided, however, that the Service Provider will use Commercially Reasonable Efforts to limit the disruption to the Service Recipient in the transition of the Services to different personnel or to a Subcontractor. In the event that personnel with the designated level of experience are not then employed by the Service Provider, the Service Provider will use Commercially Reasonable Efforts to provide such personnel or Subcontractor personnel having an adequate level of experience; provided, however, that the Service Provider will have no obligation to retain any individual employee for the sole purpose of providing the applicable Services.

(b) FINANCIAL RESPONSIBILITY. The Service Provider will pay for all personnel expenses, including wages, of its employees performing the Services.

(c) SERVICE MANAGERS AND CHIEF REPRESENTATIVES. During the Term of this Agreement, each Party will appoint (i) one of its employees (the "SERVICE MANAGER") who will have overall responsibility for managing and coordinating the delivery of the Services and who shall serve as that Party's representative on the Operating Committee and (ii) one of its employees for each service as indicated in each Transition Service Schedule (the "CHIEF REPRESENTATIVE"). The Service Manager and the Chief Representatives will coordinate and consult with the Service Manager and the Chief Representatives of the other Party. Each Party may, at its discretion, select other individuals to serve in these capacities during the Term of this Agreement upon providing notice to the other Party. For greater certainty, a Chief Representative may serve as such in respect of one or more Transition Service Schedules.

7.9 INSURANCE

Each Party shall obtain and maintain at its own expense insurance of the type generally maintained in the ordinary course of its business. Except as otherwise specified in a Transition Service Schedule, neither Party shall be required to obtain and maintain any particular insurance in relation to providing or receiving any Service.

8. TERMINATION

8.1 TERMINATION

A Service Recipient may terminate this Agreement, either with respect to all or with respect to any one or more of the Services provided to the Service Recipient hereunder, with or without cause, at any time upon at least thirty (30) days prior notice to the Service Provider, unless the specific Transition Service Schedule requires otherwise. To the extent possible, the Service Recipient will give such notice of termination at the beginning of a fiscal month to terminate the Service as of the beginning of the next fiscal month to avoid the need to prorate any monthly payment charges. As soon as reasonably practicable following receipt of any such notice, the Service Provider shall advise the Service Recipient as to whether termination of such Service will (a) require the termination or partial termination of, or otherwise affect the provision of, certain other Services, or (b) result in any early termination costs, including those related to Subcontractors, which in any event, shall be borne by the Service Recipient as set forth in Section 8.3. If either will be the case, the Service Recipient may withdraw its termination notice within five (5) Business Days. If the Service Recipient does not withdraw the termination notice within such period, such termination will occur in accordance with the original notice.

In addition, the Parties agree that (a) this Agreement may be terminated in its entirety immediately at the option of the non-defaulting Party, in the event that an Event of Default occurs in relation to the other Party, and such termination shall take effect immediately upon the non-defaulting Party providing notice to the other of the termination (except as otherwise specified in clause (e) below), and that (b) either Party may terminate this Agreement (and the corresponding Transition Service Schedule) with respect to a specific Service upon providing notice to the other Party in the event that an Event of Default occurs in relation to such other Party, and such termination shall take effect immediately upon the non-defaulting Party providing such notice to the other (except as otherwise specified in clause (e) below).

For the purposes of this Agreement, each of the following shall individually and collectively constitute an "EVENT OF DEFAULT":

(a) in relation to the Service Recipient, if the Service Recipient defaults in payment to the Service Provider of any payments which are due and payable by it to the Service Provider pursuant to this Agreement, and such default is not cured within thirty (30) days following receipt by the Service Recipient of notice of such default;

(b) in relation to the Service Provider, if the Service Provider defaults in payment to the Service Recipient of any payments which are due and payable by it to the Service Recipient pursuant to this Agreement (if any), and such default is not cured within thirty (30) days following receipt by the Service Provider of notice of such default;

(c) either Party breaches any of its material obligations to the other Party pursuant to this Agreement (other than as set out in paragraphs (a) and (b) above), and fails to cure it within thirty (30) days after receipt of notice from the non-defaulting Party specifying the default in reasonable detail and demanding that it be rectified, provided that if such breach is not capable of being cured within thirty (30) days after receipt of such notice and the Party in default has diligently pursued efforts to cure the default within the thirty (30) day period, no Event of Default under this paragraph (c) shall occur;

(d) either Party breaches any representation or warranty, or fails to perform or comply with any covenant, provision, undertaking or obligation in or of the Separation Agreement;

(e) in relation to Novelis (1) upon the occurrence of a Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.03(b) of the Separation Agreement, or (2) upon the occurrence of a Change of Control Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of the termination of this Agreement by Alcan to Novelis pursuant to Section 14.04(e) of the Separation Agreement, in which event the termination of this Agreement shall be effective immediately upon Alcan providing Novelis notice pursuant to Section 14.03(b) or Section 14.04(e) of the Separation Agreement; or

(f) either Party (i) is bankrupt or insolvent or takes the benefit of any statute in force for bankrupt or insolvent debtors, or (ii) files a proposal or takes any action or proceeding before any court of competent jurisdiction for its dissolution, winding-up or liquidation, or for the liquidation of its assets, or a receiver is appointed in respect of its assets, which order, filing or appointment is not rescinded within sixty (60) days.

8.2 SURVIVAL

Notwithstanding the foregoing, in the event of any termination or expiration with respect to one or more Services, but less than all Services, this Agreement shall continue in full force and effect with respect to any Services not terminated or expired.

8.3 PAYMENT

Immediately following the Expiration Date, the Service Provider shall cease, or cause the other members of the Group to which it belongs, or its Subcontractors to cease, providing the Services, and the Service Recipient shall promptly pay or cause the other members of the Group to which it belongs, to promptly pay all fees accrued pursuant to Article 6 but unpaid to the Service Provider, provided, however, that in case of earlier termination without cause, the Service Recipient, notwithstanding

Article 2129 of the Civil Code of Quebec, shall reimburse the Service Provider only to the extent of the reasonable termination costs actually incurred by the Service Provider resulting from the Service Recipient's early termination of such Services, including those owed to Subcontractors. The Service Provider will use Commercially Reasonable Efforts to mitigate such termination costs.

8.4 USER IDS, PASSWORDS

The Parties shall use Commercially Reasonable Efforts upon the termination or expiration of this Agreement or of any specific Service hereto to ensure that access by one Party to the other Party's systems is cancelled.

9. RELATIONSHIP BETWEEN THE PARTIES

Each Party is and will remain at all times an independent contractor in the performance of all Services hereunder. In all matters relating to this Agreement, each Party will be solely responsible for the acts of its employees and agents, and employees or agents of one Party shall not be considered employees or agents of the other Party. Except as otherwise provided herein, no Party will have any right, power or authority to create any obligation, express or implied, on behalf of any other Party nor shall either Party act or represent or hold itself out as having authority to act as an agent or partner of the other Party, or in any way bind or commit the other Party to any obligations. Nothing in this Agreement is intended to create or constitute a joint venture, partnership, agency, trust or other association of any kind between the Parties or Persons referred to herein, and each Party shall be responsible only for its respective obligations as set forth in this Agreement. Neither Party nor its employees shall be considered an employee or agent of the other Party for any purpose, except as expressly agreed by the Parties. Each Party shall have sole responsibility for the supervision, daily direction and control, payment of salary (including withholding of income taxes and deductions at source), worker's compensation, disability benefits and the like of its employees.

10. SUBCONTRACTORS

10.1 A Service Provider may, subject to Section 10.2, engage a "SUBCONTRACTOR" to perform all or any portion of the Service Provider's duties under this Agreement, provided that any such Subcontractor agrees in writing to be bound by confidentiality obligations at least as protective as the terms of Section 11.07 of the Separation Agreement regarding confidentiality and non-use of information, and provided further that the Service Provider remains responsible for the performance of such Subcontractor and for paying the Subcontractor. As used in this Agreement, "SUBCONTRACTOR" will mean any Person or entity engaged to perform hereunder.

10.2 In the event of a Service Provider wishes to engage a Subcontractor to perform all or any portion of the Service Provider's duties under this Agreement, as a condition precedent to any such subcontracting: (a) the Service Provider shall provide the Service Recipient with a notice of its intention to do so and such notice shall set forth

with reasonable details the nature of the duties or Services the Service Provider wishes a Subcontractor to perform, the identity of the proposed Subcontractor as well as the specific terms and conditions of such proposed subcontracting; and (ii) the Service Provider shall obtain the written consent of the Service Recipient, which consent may be withheld by the Service Recipient in its absolute discretion.

10.3 In the event of any subcontracting by a Service Provider to a non-Affiliate of the Service Provider of all or any portion of the Service Provider's duties under this Agreement, the Service Provider shall assign and transfer to the Service Recipient the full benefit of all such non-Affiliate subcontractor's performance covenants, guarantees, warranties or indemnities (if any), to the extent same are transferable or assignable, in respect of the portion of the Services provided to the Service Recipient pursuant to such subcontracting; and if any such guarantees, warranties, indemnities and benefits are not assignable, the Service Provider shall use Commercially Reasonable Efforts to procure the benefit of same for the Service Recipient through other legal permissible means.

11. INTELLECTUAL PROPERTY

11.1 ALLOCATION OF RIGHTS BY ANCILLARY AGREEMENTS

This Agreement and the performance of this Agreement will not affect the ownership of any patent, trademark or copyright or other intellectual property rights allocated in the Separation Agreement or any of the Ancillary Agreements.

11.2 EXISTING OWNERSHIP RIGHTS UNAFFECTED

Neither Party will gain, by virtue of this Agreement, any rights of ownership of copyrights, patents, trade secrets, trademarks or any other intellectual property rights owned by the other. Notwithstanding the foregoing, any ideas, concepts or any results arising out of the performance of the Services (the "RESULTS") by the Service Provider hereunder shall be the exclusive property of the Service Recipient. The Service Provider shall execute all documents and perform all other acts necessary or desirable to confirm title in the name of the Service Recipient in the Results in any jurisdiction of the world including all copyrights, trade secrets and industrial designs, and provide assistance, if necessary, to protect or enforce the Service Recipient's rights under said intellectual property rights. Such obligation to execute documents and provide assistance shall survive the expiration or early termination of this Agreement.

The Service Recipient agrees to reimburse the Service Provider for any reasonable out-of-pocket expenses arising out of the obligations under this Section 11.2. The Service Provider hereby waives and shall cause its employees to waive, the whole of its and their moral rights to any copyright material developed under this Agreement.

11.3 CROSS LICENSE TO PRE-EXISTING WORKS

Alcan grants Novelis and the other members of Novelis Group during the Term of this Agreement, a non-exclusive, worldwide, royalty-free, non-transferable license to use, copy and make derivative works of, distribute, display, perform and transmit Alcan's pre-existing copyrighted works or other intellectual property rights solely to the extent necessary to perform its obligations under this Agreement and such copyrighted works or other intellectual property rights will remain the property of Alcan or its Affiliates, as the case may be, and Novelis and the other members of Novelis Group will have no rights or interests therein, including no sublicensing right, except as may otherwise be set forth in the Intellectual Property Agreement or in the Separation Agreement.

Novelis grants Alcan and the other members of Alcan Group during the Term of this Agreement, a non-exclusive, worldwide, royalty-free, non-transferable license to use, copy and make derivative works of, distribute, display, perform and transmit Novelis's pre-existing copyrighted works or other intellectual property rights solely to the extent necessary to perform its obligations under this Agreement and such copyrighted works or other intellectual property rights will remain the property of Novelis or its Affiliates, as the case may be, and Alcan and the other members of Alcan Group will have no rights or interests therein, including no sublicensing right, except as may otherwise be set forth in the Intellectual Property Agreement or in the Separation Agreement.

11.4 THIRD PARTY SOFTWARE

In addition to the consideration set forth elsewhere in this Agreement, the Service Recipient shall also pay any amounts (and applicable Sales Taxes) that are required to be paid to any licensors of software that is used by the Service Provider in connection with the provision of any Service hereunder, and any amounts (and applicable Sales Taxes) that are required to be paid to any such licensors to obtain the Consent of such licensors to allow the Service Provider to provide any of the Services hereunder. Subject to the immediately preceding sentence and to the terms of the Separation Agreement, the Service Provider will use Commercially Reasonable Efforts to obtain any Consent that may be required from such licensors in order to provide any of the transition Services hereunder.

11.5 TERMINATION OF LICENCES

Any license granted hereunder by a Party shall terminate ipso facto upon the expiration or early termination of this Agreement.

12. NO OBLIGATIONS

Neither Party assumes any responsibility or obligation whatsoever, other than the responsibilities and obligations expressly set forth in this Agreement (including the exhibits and schedules hereto), in the Separation Agreement or in a separate written agreement between the Parties.

13. CONFIDENTIALITY

13.1 The terms of the Confidentiality provisions set forth in Sections 11.07 and 11.08 of the Separation Agreement shall apply to all Confidential Information disclosed in the course of the Parties' interactions under this Agreement. This Article 13 of the Agreement sets out additional requirements regarding confidential information for the purposes of this Agreement.

13.2 The terms "NOVELIS CONFIDENTIAL INFORMATION" and "ALCAN CONFIDENTIAL INFORMATION" shall mean all data, documents and information, whether or not explicitly designated as being confidential, disclosed or to be disclosed by Novelis or any other member of Novelis Group to Alcan or to any other member of Alcan Group, or by Alcan or any other member of Alcan Group to Novelis or to any other member of Novelis Group, concerning the business operations, assets or affairs of Novelis Group or Alcan Group respectively (including information transmitted in written, electronic, magnetic or other form, information transmitted orally and information gathered by a Party through visual inspections or observation or by any other means), and any and all information which may be developed or created, in whole or in part, directly or indirectly, from such information including all notes, summaries, analyses, compilations and other writings, but does not include information that: (a) at the time of delivery to the Service Provider has been or subsequently becomes generally available to the public other than as a result of disclosure by the Service Recipient; (b) is or subsequently becomes available to the Service Provider on a non-confidential basis from a source who is not bound by this Agreement and is not otherwise under a legal obligation not to disclose such information; or (c) is required to be disclosed by Applicable Law or any Governmental Authority.

13.3 The term "PERMITTED PURPOSE" means the provision of a "SERVICE" by a Service Provider to a Service Recipient under this Agreement.

13.4 The Novelis Confidential Information to be shared with Alcan Group, and the Alcan Confidential Information to be shared with Novelis Group, shall be limited to that which would be shared with a Third Party service provider that is providing the particular Service to the Service Recipient and shall not be used by a Service Provider for any purpose other than a Permitted Purpose or in any way that is detrimental to the Service Recipient. In particular,

(a) the Service Provider shall not disclose any Novelis Confidential Information or Alcan Confidential Information, as the case may be, to any employee of the

Service Provider who does not have a need to know such Novelis Confidential Information or Alcan Confidential Information in order to perform the Permitted Purpose;

(b) the Service Provider shall not disclose any Novelis Confidential Information or Alcan Confidential Information, as the case may be, to any employee of the Service Provider who has line management authority related to a competing business of the Service Recipient with respect to the Service in question;

(c) the Service Provider shall not use the Novelis Confidential Information or the Alcan Confidential Information, as the case may be, other than for such purposes as shall be expressly permitted under this Agreement; and

(d) the Service Provider shall maintain a list of employees of the Service Provider who need to have access to Novelis Confidential Information or Alcan Confidential Information, as the case may be, for a Permitted Purpose. The Chief Representative of the Service Provider for each Transition Service shall be responsible for maintaining this list.

13.5 The Novelis Confidential Information and the Alcan Confidential Information, including any derivative documents prepared by Alcan Group or Novelis Group, respectively, will be held in safe custody and kept confidential on the terms set forth in this Agreement. Each Alcan Group employee who is authorized to have or be aware of Novelis Confidential Information, or Novelis Group employee who is authorized to have or be aware of Alcan Confidential Information, will store that information in his possession in separate paper and electronic files.

13.6 The obligations of the Parties under this Article 13 shall survive the expiration or earlier termination of this Agreement.

14. LIMITATION OF LIABILITY AND INDEMNIFICATION

14.1 INDEMNIFICATION

Alcan shall indemnify, defend and hold harmless Novelis, each other member of Novelis Group and each of their respective directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assignors of any of the foregoing (collectively, the "NOVELIS INDEMNIFIED PARTIES"), from and against any and all Liabilities of the Novelis Indemnified Parties incurred by, borne by or asserted against any of them relating to, arising out of or resulting from any of the following items (without duplication);

(a) the breach or the failure of performance by Alcan of any of the covenants, promises, undertakings or agreements which it is obligated to perform under this Agreement;

(b) death of or injury of any person whomsoever, including but not limited to directors, officers, employees, servants or agents of Novelis, of another member of Novelis Group, or contractors to the extent that such Liabilities are not covered by worker's compensation;

(c) loss of, or damage to, or destruction of any property whatsoever, including any loss of use thereof, including without limitation, property of Novelis, of another member of Novelis Group, or their respective directors, officers, employees, agents, subsidiaries or subcontractors; or

(d) any claim or assertion that the execution or performance by Novelis of its obligations under this Agreement violates or interferes with any contractual or other right or obligation or relationship of Alcan to or with any other Person,

caused by, arising out of, or in any way related to this Agreement, the provision of Services as contemplated in this Agreement by Novelis, or the other members of Novelis Group, their respective directors, officers, employees, servants, agents, subsidiaries or subcontractors, but subject however to the limitations of liability provided in this Agreement.

Novelis shall indemnify, defend and hold harmless Alcan, each other member of Alcan Group and each of their respective directors, officers and employees, and each of the heirs, executors, trustees, administrators, successors and assignors of any of the foregoing (collectively, the "ALCAN INDEMNIFIED PARTIES"), from and against any and all Liabilities of the Alcan Indemnified Parties incurred by, borne by or asserted against any of them relating to, arising out of or resulting from any of the following items (without duplication);

(a) the breach or the failure of performance by Novelis of any of the covenants, promises, undertakings or agreements which it is obligated to perform under this Agreement;

(b) death of or injury of any person whomsoever, including but not limited to directors, officers, employees, servants or agents of Alcan, of another member of Alcan Group, or contractors to the extent that such Liabilities are not covered by worker's compensation;

(c) loss of, or damage to, or destruction of any property whatsoever, including any loss of use thereof, including without limitation, property of Alcan, of another member of Alcan Group, or their respective directors, officers, employees, agents, subsidiaries or subcontractors; or

(d) any claim or assertion that the execution or performance by Alcan of its obligations under this Agreement violates or interferes with any contractual or other right or obligation or relationship of Novelis to or with any other Person,

caused by, arising out of, or in any way related to this Agreement, the provision of Services as contemplated in this Agreement by Alcan, or the other members of Alcan Group, their respective directors, officers, employees, servants, agents, subsidiaries or subcontractors, but subject however to the limitations of liability provided in this Agreement.

14.2 LIMITATION OF LIABILITY

Notwithstanding the provisions of Section 14.1, the total aggregate liability of Alcan to Novelis for all events, acts or omissions of Alcan under or in connection with this Agreement or the Services provided by Alcan hereunder, and the total aggregate liability of Novelis to Alcan for all events, acts or omissions of Novelis under or in connection with this Agreement or the Services provided by Novelis hereunder, in each case, whether based on an action or claim in contract, warranty, equity, negligence, tort or otherwise, shall not exceed (i) in the case of the liability of Alcan to Novelis, an amount equal to the value of the Services payable by Novelis to Alcan under this Agreement, or (ii) in the case of the liability of Novelis to Alcan, an amount equal to the value of the Services payable by Alcan to Novelis under this Agreement; provided that the foregoing limit shall not apply (i) in the case of the liability of Alcan to Novelis, with respect to any liability arising out of or relating to Alcan's gross negligence or wilful misconduct or the gross negligence or wilful misconduct of its personnel, mandataries or agents or other Persons for which it is responsible under Applicable Law, or (ii) in the case of the liability of Novelis to Alcan, with respect to any liability arising out of or relating to Novelis's gross negligence or wilful misconduct or the gross negligence or wilful misconduct of its personnel, mandataries or agents or other Persons for which it is responsible under Applicable Law.

In no event shall any member of Alcan Group or Novelis Group be liable to any member of the other Group for any special, consequential, indirect, collateral, incidental or punitive damages, lost profits, or failure to realize expected savings, or other commercial or economic loss of any kind, however caused and on any theory of liability, (including negligence) arising in any way out of this Agreement, whether or not such Person has been advised for the possibility of any such damages; provided, however, that the foregoing limitations shall not limit either Party's indemnification obligations for liabilities to with respect to Third Party Claims as set forth in Article IX of the Separation Agreement.

14.3 EXCLUSIONS

Notwithstanding any provision to the contrary in this Agreement, the foregoing limitations in this Article 14 shall not apply to Alcan's obligation to indemnify Novelis in respect of an intellectual property right infringement claim instituted or made by a Third Party in connection with Alcan's Services or software or to Novelis's obligation to indemnify Alcan in respect of an intellectual property right

infringement claim instituted or made by a Third Party in connection with Novelis's Services or software.

14.4 PROVISIONS APPLICABLE WITH RESPECT TO INDEMNIFICATION OBLIGATIONS

Sections 9.04, 9.05, 9.06, 9.07 and 9.09 of the Separation Agreement shall apply mutatis mutandis with respect to any Liability subject to indemnification or reimbursement pursuant to Article 14 of this Agreement.

14.5 SURVIVAL

The rights and obligations of the Parties under this Article 14 shall survive the expiration or earlier termination of this Agreement.

15. DISPUTE RESOLUTION

The Master Agreement with Respect to Dispute Resolution, effective on the Effective Date, among the Parties and other parties thereto shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby), or the commercial or economic relationship of the Parties relating hereto or thereto.

16. ASSIGNMENT

16.1 PROHIBITION ON ASSIGNMENTS

Neither Party shall assign or transfer this Agreement, in whole or in part, or any interest or obligation arising under this Agreement except as permitted by Section 7.8(a), Article 10 and Section 16.2, without the prior written consent of the other Party.

16.2 ASSIGNMENT TO ALCAN GROUP COMPANY

With the consent of Novelis, such consent not to be unreasonably withheld or delayed, Alcan may elect to have one or more of the Alcan Group Companies assume the rights and obligations of Alcan under this Agreement.

17. MISCELLANEOUS

17.1 CONSTRUCTION

The rules of construction and interpretation set forth in Section 16.04 of the Separation Agreement shall apply to this Agreement.

17.2 NOTICES

All notices and other communications hereunder shall be given in the manner set forth in Section 16.10 of the Separation Agreement.

17.3 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

17.4 JUDGMENT CURRENCY

The obligations of a Party to make payments hereunder shall not be discharged by an amount paid in any currency other than Dollars, whether pursuant to a court order or judgment or arbitral award or otherwise, to the extent that the amount so paid upon conversion to Dollars and transferred to an account indicated by the Party to receive such funds under normal banking procedures does not yield the amount of Dollars due; and each Party hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify each other Party against, and to pay to such Party on demand, in Dollars, any difference between the sum originally due in Dollars and the amount of Dollars received upon any such conversion and transfer.

17.5 ENTIRE AGREEMENT

This Agreement, the Separation Agreement and exhibits, schedules and appendices hereto and thereto and the specific agreements contemplated herein or thereby, contain the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein or therein.

17.6 CONFLICTS

In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail. In case of any conflict or inconsistency between the terms and conditions of this Agreement (excluding, for the purpose of this Section 17.6, any Transition Service Schedule thereto) and the terms of any Transition Service Schedule, the provisions of the Transition Service Schedule shall prevail.

17.7 FORCE MAJEURE

No Party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from superior force ("force majeure") or any act, occurrence or omission beyond its reasonable control and without its fault or negligence, such as fires, explosions, accidents, strikes, lockouts or labour disturbances, floods, droughts, earthquakes, epidemics, seizures of cargo, wars (whether or not declared), civil commotion, acts of God or the public enemy, action of any government, legislature, court or other Governmental Authority, action by any authority, representative or organisation exercising or claiming to exercise powers of a government or Governmental Authority, compliance with Applicable Law, blockades, power failures or curtailments, inadequacy or shortages or curtailments or cessation of supplies of raw materials or other supplies, failure or breakdown of equipment of facilities or, in the case of computer systems, any failure in electrical or air conditioning equipment (a "FORCE MAJEURE EVENT"). If a Force Majeure Event has occurred and its effects are continuing, then, upon notice by the Party who is delayed or prevented from performing its obligations to the other Party, (i) the affected provisions or other requirements of this Agreement shall be suspended to the extent necessary during the period of such disability, (ii) the Party which is delayed or prevented from performing its obligations by a Force Majeure Event shall have the right to apportion its Services in an equitable manner to all users and (iii) such Party shall have no liability to the other Party or any other Person in connection therewith. The Party which is delayed or prevented from performing its obligations by the Force Majeure Event shall resume full performance of this Agreement as soon as reasonably practicable following the cessation of the Force Majeure Event (or the consequences thereof).

17.8 WAIVERS

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by the Applicable Laws.

17.9 FURTHER ASSURANCES

Each Party agrees to use Commercially Reasonable Efforts to execute any and all documents and to perform such other acts as may be necessary or expedient to further the purposes of this Agreement and the relations contemplated hereby. Without limiting the foregoing and the provisions of the Separation Agreement (including Article XIV thereof) each Party shall make available during normal business hours for inspection by the other Party and such other Persons as the other

Party shall designate in writing, all books and records in the possession which relate to the Services and which are necessary to confirm the said Party's compliance with its obligations under this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties hereto have caused this Transitional Services Agreement to be executed by their duly authorized representatives.

ALCAN INC.

By: /s/ David McAusland

Name:

Title:

NOVELIS INC.

By: /s/ Brian W. Sturgell

Name:

Title:

EXHIBIT 10.8

EXECUTION COPY

INTELLECTUAL PROPERTY AGREEMENT

BETWEEN

ALCAN INTERNATIONAL LIMITED

AND

NOVELIS INC.

TABLE OF CONTENTS

INTELLECTUAL PROPERTY AGREEMENT

This Intellectual Property Agreement is entered into with effect as of the Effective Date.

BETWEEN: Alcan International Limited, a Canadian corporation having its head office at 1188 Sherbrooke Street West, Montreal, Quebec, Canada (hereinafter referred to as "ALCANINT")

AND: Novelis Inc., a Canadian corporation having its registered office at 1188 Sherbrooke Street West, Montreal, Quebec, Canada (hereinafter referred to as "NOVELIS ") acting as principal and as agent for other members of Novelis Group, as herein provided.

WHEREAS, Alcanint is a wholly-owned subsidiary of Alcan; and

WHEREAS, Alcan Inc. and Novelis have entered into the Separation Agreement with effect as of the Effective Date, which provides, among other things, for the transfer of certain assets from Alcan to Novelis and the assumption by Novelis of certain liabilities in connection with the distribution of common shares of Novelis to Alcan shareholders and the execution and delivery of certain other agreements, including this Agreement; and

WHEREAS Alcanint owns and manages certain technology on behalf of and for the benefit of Alcan and its Affiliates and desires to transfer or license to Novelis certain rights in technology owned by it;

WHEREAS a further purpose of this Agreement is to achieve compliance with regulatory requirements in respect of the separation of certain aluminum rolling assets from Alcan in a manner which allows them to continue to be viable;

NOW THEREFORE, in consideration of the foregoing and the mutual agreements set forth below, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1.0 PREAMBLE

The preamble hereto shall be considered an integral part of this Agreement.

2.0 DEFINITIONS

2.1 "AEROSPACE INDUSTRY" shall mean the production of aircraft, spacecraft, satellites and similar craft for manned or unmanned flight;

2.2 "AFFILIATE" shall mean, with respect to any corporation, association or other business entity, any other entity directly or indirectly controlling, controlled by or

under common control with such specified corporation, association or entity. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies, whether through the ownership of voting securities, by agreement or otherwise; provided, however, that beneficial ownership of 10% or more of the securities or other interest entitled to vote generally in the election of directors shall be deemed to be control;

2.3 "AGREEMENT" shall mean this Intellectual Property Agreement and all other documents that are made a part hereof;

2.4 "ALCAN" shall mean Alcan Inc., a Canadian corporation;

2.5 "ALCAN GROUP COMPANY" shall mean Alcan or any entity of which a majority of the total voting power of capital stock or other interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by Alcan;

2.5A "ARRANGEMENT" shall have the meaning ascribed to such term in the Separation Agreement;

2.6 "AUTOMOTIVE SHEET" shall mean aluminum Sheet products destined or intended for use in or principally related to the production of inner and outer body panels (including closures, skin, hoods, deckslids and fenders) and Sheet-based body-in-white structures for road vehicles;

2.7 "AUTOMOTIVE SHEET PATENTS" shall mean the patents and patent applications in respect of Automotive Sheet as listed in Appendix ASP;

2.8 "COCAST TECHNOLOGY" shall mean the Technology originally developed by Wagstaff Inc. and further developed by Alcan Group Companies, primarily at the Solatens Facility, related to the casting of composite ingots with distinct regions having different alloy compositions as generally described in the patents and patent applications listed in Appendix CCT;

2.9 "DESIGNATED PATENTS" shall mean patents and patent applications owned by Alcanint and listed in Appendix DP;

2.10 "EFFECTIVE DATE" shall mean the Effective Date as defined in the Separation Agreement;

2.11 "EXCLUDED TECHNOLOGY" shall mean the Technology described in Section 5.1;

2.12 "FLEXCAST TECHNOLOGY" shall mean the Technology specific to continuous casting of a thin strip between two chilled metallic belts as generally described in the patents and patent applications listed in Appendix FCT;

2.13 "FLEXSTREME TECHNOLOGY" shall mean the Technology and equipment designs originally developed by Wagstaff Inc. and further developed by Alcan Group Companies, primarily at the Solatens Facility, related to the horizontal direct chill casting of small diameter ingots suitable for use as forging stock as generally described in the patents and patent applications listed in Appendix FST;

2.14 "INSITU HOMOGENIZATION TECHNOLOGY" shall mean ***.

2.15 "JOINT TECHNOLOGY AGREEMENTS" or "JTAS" shall mean the Agreements between Alcanint and various other Alcan Group Companies for joint research and technical assistance in the field of aluminum and other materials fabricating and/or aluminum reduction and/or the production of raw materials for the production of aluminum and/or manufacturing packaging using aluminum foil and other materials;

2.16 "LICENSED PATENTS" shall mean the patents and patent applications listed in Appendix LP;

2.17 "LICENSED EQUIPMENT PATENTS" shall mean the patents and patent applications listed in Appendix LEP;

2.18 "LICENSED TECHNOLOGY" shall mean any and all, copyrights, trade secrets, information, data, inventions, designs and similar rights that have been used or developed, or are being used or developed for use by Novelis or any Novelis Subsidiaries on or immediately before the Effective Date for or in connection with the use and exploitation of any one of the facilities that form part of Novelis as of the Effective Date that are related to the following:

- Sheet ingot casting and metallurgy and associated melting, metal cleaning, molten metal delivery, quality measurement and environmental technologies;

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

- laminated products as pursued as of the Effective Date at the Ohle, Ludensheid, Berlin, Bridgnorth or Etobicoke foil operations of Alcan;

- Technology specific to the production of rolled Plate with a thickness of less than 12mm to the extent that such technology was in use immediately prior to the Effective Date at manufacturing facilities that will form a part of Novelis as of the Effective Date;

- the Ouro Preto/Aratu/Petrocoque Technology;

Licensed Technology shall also include all Technology related to management systems and business processes including environment health and safety, value based management, continuous improvement, production scheduling and management and individual performance and career management and all business forms, contract forms, and other written and electronic business materials used by Novelis or a Novelis Subsidiary prior to the Effective Date subject in each case to Novelis obtaining at its sole cost any necessary consents, provided that all such Technology and materials have been modified as necessary to delete any reference to brand names, trademarks, service marks being retained by Alcan Group Companies.

2.19 "NETCAST TECHNOLOGY" shall mean the Technology originally developed by Wagstaff Inc. and further developed by Alcan Group Companies, primarily at the Solatens Facility, related to the direct chill casting of complex shapes certain aspects of which are described in the patents and patent applications listed in Appendix NCT;

2.19A "NOVELIS GROUP" means Novelis and the Novelis Subsidiaires.

2.20 "NOVELIS SUBSIDIARY" shall mean, as of and from the Effective Date, (i) Petrocoque S.A. - Industria E Comercio, Aluminium Norf GmbH and Logan Aluminum Inc, in each case for so long as Novelis retains at least its current ownership stake in such entity and (ii) any other entity of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly by Novelis;

2.21 "OURO PRETO/ARATU/PETROCOQUE TECHNOLOGY" shall mean the Technology employed in the operations of any one or more of the facilities known as Ouro Preto, Aratu and Petrocoque as of the Effective Date. Ouro Preto is a bauxite mine, alumina refinery and aluminum smelter, Aratu is an aluminum smelter with an associated electricity generating facility; and Petrocoque is a facility that produces calcined petroleum coke;

2.21A "PECHINEY" means Pechiney, a wholly-owned subsidiary of Alcan, together with all entities that were subsidiaries of Pechiney when Pechiney became a subsidiary of Alcan, in December 2003.

2.22 "PAE TWIN ROLL CASTING TECHNOLOGY" shall mean Technology specific to the continuous casting of a relatively thin metal strip between two chilled rolls which is marketed by Pechiney Aluminium Engineering certain aspects of which are described in the patents and patent applications listed in Appendix TRCT;

2.23 "PAE METAL TREATMENT TECHNOLOGY" shall mean Technology specific to the melting, holding and casting of aluminum, treatments of molten aluminum to remove hydrogen, solid and liquid inclusions and alkali metal and related equipment namely IRMA, JetCleaner, Alpur, PDBF, CCF and Autopak which is marketed by Pechiney Aluminium Engineering as of the Effective Date, certain aspects of which are described in the patents and patent applications listed in Appendix MTT;

2.24 "PLATE" shall mean rolled and/or cast aluminum product with a thickness of greater than 6.5mm that is not intended for further rolling to a thickness of 6.5mm or less (reroll);

2.25 "ROLLED PRODUCTS" means rolled aluminum products in the form of Foil, Sheet and rolled Plate of a thickness of less than 12 mm;

2.26 "SECONDARY INTELLECTUAL PROPERTY AGREEMENT" shall mean that other Intellectual Property Agreement of even date herewith between Novelis as party of the first part and Alcanint as party of the second part;

2.27 "SEPARATION AGREEMENT" shall mean the Separation Agreement herewith between Alcan and Novelis, as described in the Preamble to this Agreement;

2.28 "SHEET" and "FOIL" shall have the same meaning as is commonly ascribed to those expressions in the aluminum industry in reference to rolled aluminum provided that it is of a thickness of 6.5mm or less;

2.29 "SOLATENS FACILITY" shall mean the facility in Spokane, Washington known as Solatens;

2.30 "TECHNOLOGY" shall mean any and all patents, patent applications, copyrights, trade secrets, information, data, inventions, designs, manufacturing processes, know-how, technical information, specifications, creative works and similar rights either conceived or first reduced to practice on or before the Effective Date that are owned, licensable or otherwise under the control and direction of

Alcanint or any other Alcan Group Company before the Effective Date, including Novelis Subsidiaries;

2.31 "TRANSFERRED TECHNOLOGY" shall mean the Technology described in Section 3.1; and

2.32 "UNRESTRICTED LICENSED TECHNOLOGY" shall mean any and all, copyrights, trade secrets, information, data, inventions, designs and similar rights that have been used or developed, or are being used or developed for use in connection with research, development, production, marketing or sale of Rolled Products by Novelis or any Novelis Subsidiary on or immediately before the Effective Date or in connection with the use and exploitation of any of the facilities owned or operated by Novelis or a Novelis Subsidiary as of the Effective Date that are freely licensable by Alcanint or any Alcan Group Company and related to the following:

- Recycling aluminum, scalping, homogenization and preheating technology, hot rolling, cold rolling, foil rolling, coiling, cooling and lubrication, continuous and batch heat treatment, quenching, mechanical finishing, slitting, cutting to length, laser blanking and all associated technologies (e.g. profile, gauge and shape measurement and control and pollution reduction and control);

- Mechanical finishing, surface texturing, chemical pre-treatment, painting, lacquering and curing technologies for Sheet and Foil;

- Metallurgy related to the properties and microstructural evolution through continuous casting, hot rolling, coiling, cooling, cold rolling, foil rolling, heat-treatment, quenching, mechanical finishing, and downstream finishing and fabrication processes for sheet, foil and sheet ingot applied internally or by customers for Sheet and Foil (e.g. forming, rolling, painting and lacquering, curing and etching of Sheet and Foil);

- Manufacture of rigid and semi-rigid aluminum foil containers and closures;

- Metal property and alloy composition specifications related to Rolled Products;

- In-service sheet and foil product performance in terms of mechanical property changes, corrosion (bare and surface treated Sheet) in final applications;

- All process simulation models, scheduling and productivity models and historic information to the extent recorded and relevant to the Licensed Technology, Unrestricted Licensed Technology or Transferred Technology;

- Enabling Technologies and know-how related to processes and application of aluminum Rolled Products materials used by customers (e.g. AVT automotive body-in-white assembly process, spot welding, adhesive bonding, riveting technologies, etching and finishing, structural simulation models pertinent to applications); and

- Technology for the production of Foil to the extent it is being used or has been used under existing or past practices at the former Pechiney Annecy, Rugles, Dudelange and Flemalle sites for the sole purpose of painting Sheet or producing circles from Sheet or producing Foil.

- Technology specific to making and using the inventions claimed in the Designated Patents and the Automotive Sheet Patents;

- All other Technology, other than Excluded Technology, that is in use or held for use as of the Effective Date in connection with the research, development, production, marketing or sale of Rolled Products at the facilities of Novelis and the Novelis Subsidiaries as of the Effective Date subject to Alcanint's right, upon reasonable request, to be informed as to the identity, scope and use of such other Technology;

2.33 In the event of any ambiguity as to the inclusion of a particular Technology within Excluded Technology, Licensed Technology, Transferred Technology, or Unrestricted Licensed Technology, such Technology still be allocated in the following order of preference: (1) Transferred Technology; (2) Excluded Technology; (3) Licensed Technology; and (4) Unrestricted Licensed Technology.

3.0 TRANSFER OF TECHNOLOGY

3.1 Alcanint hereby grants, conveys, transfers and assigns and agrees to deliver (and agrees to cause any appropriate Alcan Group Company to grant, convey, transfer, assign and agree to deliver) to Novelis, in its capacity as principal for the sole purpose of acquiring legal title therein, and in its capacity as agent for the relevant members of Novelis Group for the purpose of acquiring all beneficial ownership therein and for all other purposes, all right, title and interest, of whatever nature or kind throughout the world of Alcanint or any Alcan Group Company in and to the following:

3.1.1 the Designated Patents;

3.1.2 the Automotive Sheet Patents and related Technology which is only useful in the production of Automotive Sheet and which originated: (i) without use of or reference to Technology owned or developed by Pechiney, and (ii) within a business unit or manufacturing facility that will be owned by Novelis Group as of the Effective Date;

3.1.3 Technology that is only useful in the production of beverage can body Sheet, beverage can end Sheet and tab stock (for beverage cans) which originated: (i) without use of or reference to Technology owned or developed by Pechiney, and (ii) within any business unit or manufacturing facility that will form part of Novelis as of the Effective Date;

3.1.4 NetCast Technology, CoCast Technology, FlexStreme Technology and Insitu Homogenisation Technology;

3.1.5 PAE Twin Roll Casting Technology and FlexCast Technology, in both cases subject to Schedule FT;

3.1.6 PAE Metal Treatment Technology;

3.1.7 the right to grant licenses and rights under and with respect to any of the foregoing and to sue for any infringement occurring before or after the Effective Date as well as all statutory, contractual and other claims, demands and causes of action for royalties, fees or other income from, or infringement, misappropriation or violation of, any of the foregoing, and all of the proceeds from the foregoing that are accrued and unpaid as of, and/or accruing after, the Effective Date;

3.1.8 all causes of action and rights of recovery against third parties for past infringement in and to the Transferred Technology, and for past misappropriation by third parties of trade secrets in and to the Transferred Technology; and

3.1.9 the right to apply for and obtain statutory rights and registrations with respect to any of the foregoing Technology.

3.2 The foregoing transfer and assignment shall be subject to the licenses granted to Alcanint and other Alcan Group Companies pursuant to the Secondary Intellectual Property Agreement.

3.3 If and to the extent that, as a matter of law in any jurisdiction, ownership, title, or any rights of interest in or to any of the Transferred Technology cannot be assigned as provided in Section 3.1, (i) Alcanint agrees subject to the other

terms and conditions of this Agreement to assign and transfer, and hereby assigns and transfers to Novelis (as agent for the relevant member of Novelis Group) all rights (including, without limitation, all economic and commercialization rights) that can be assigned pursuant to Section 3.1 to the fullest extent permissible; and (ii) Alcanint agrees subject to the other terms and conditions of this Agreement to grant, and hereby grants, Novelis (as agent for the relevant member of Novelis Group) an unlimited, exclusive, irrevocable, worldwide, perpetual, royalty-free license, to use, exploit and commercialize in any manner now known or in the future discovered and for whatever purpose, any rights to Transferred Technology that cannot be assigned as contemplated by Section 3.1.

3.4 Alcanint further covenants that it will, without demanding any further consideration therefor, at the request and expense of Novelis (except for the value of the time of Alcanint employees), do (and cause Alcan Group Companies to do) all lawful and just acts that may be or become necessary for evidencing, maintaining, recording and perfecting Novelis' rights to such Transferred Technology consistent with Alcan's general business practice as of the Effective Date, including but not limited to, execution and acknowledgement of (and causing Alcan Group Companies to execute and acknowledge) assignments and other instruments in a form reasonably required by Novelis for each relevant jurisdiction.

3.5 Alcanint and each other Alcan Group Company shall retain any Technology not transferred to Novelis by virtue of the foregoing. Novelis warrants to Alcanint that neither it nor any Novelis Subsidiary owns any Technology (other than the Transferred Technology and only to the extent conveyed hereunder) as of the Effective Date and further acknowledges that any other Technology that it or any Novelis Subsidiary may be deemed to have owned prior to the Effective Date was intended to be owned by Alcanint and shall be deemed to have been held by Novelis or such Novelis Subsidiary for the benefit of Alcanint. This provision shall not apply to that Technology described in the final paragraph of Section 2.18.

3.6 Each of Alcanint and Novelis shall deliver to the other all documents and instruments necessary or appropriate to be duly executed where appropriate by the applicable party(ies) and notarized where indicated in the exhibits to this Agreement.

3.7 Novelis acknowledges and agrees that the foregoing assignment is subject to any and all licenses or other rights that may have been granted by Alcanint or any other Alcan Group Company with respect to the Transferred Technology prior to the Effective Date.

3.8 The determination regarding which Novelis Group company (sometimes referenced in this Agreement as the "relevant member of Novelis Group") shall be entitled to beneficial ownership of Transferred Technology or to a license of Licensed Patents, Unrestricted Licensed Technology or Licensed Technology shall be made having regard to the following factors:

3.8.1 whether the relevant member of Novelis Group was a party to any JTA while such entity was an Alcan Group Company;

3.8.2 whether the relevant member of Novelis Group reasonably requires the relevant beneficial ownership or license in connection with the ownership or operation of one or more of its businesses on and after the Effective Date, based on the use of Technology in connection with such business prior to the Effective Date; and

3.8.3 such other factors as may reasonably be taken into account by Novelis and as are consistent with the provisions of this Agreement.

3.9 Novelis covenants that it will enter into such agreements with the relevant members of Novelis Group as may be necessary or desirable for the orderly management of the Technology mentioned in section 3.8.

4.0 LICENSE RIGHTS GRANTED

4.1.1 Alcanint hereby grants to Novelis and Novelis hereby accepts, as agent for the relevant members of Novelis Group and subject to the terms and conditions of this Agreement a royalty free license to use and commercialize the Licensed Patents, Unrestricted Licensed Technology and Licensed Technology to operate, maintain, repair, reconstruct, rebuild and expand any present or future facilities of Novelis Group and to use and sell the products produced using the Licensed Patents, Unrestricted Licensed Technology and/or the Licensed Technology pursuant thereto world wide; provided that the royalty free license in respect of the Ouro Preto/Aratu/Petrocoque Technology shall be limited such that it may be used only at the same geographic sites.

4.1.2 Pursuant to the license granted under Section 4.1.1, Novelis shall be permitted to sublicense any Unrestricted Licensed Technology except to the extent the use of such Unrestricted Licensed Technology is covered by patents held by Alcanint or any other Alcan Group Company.

4.1.3 Novelis may grant sublicenses under the Licensed Patents and the Licensed Technology (i) to third parties (such as customers and vendors)

to the extent necessary or appropriate to give commercial effect to the rights sought to be transferred, assigned or licensed hereunder and (ii) to Novelis Subsidiaries provided that any such sublicense may be made effective retroactively but not prior to the sublicensee's becoming a Novelis Subsidiary and any such sublicense shall terminate immediately upon such sublicensee no longer being a Novelis Subsidiary, except in a transaction that meets the conditions of Section 17.2.

4.2 All licenses granted to Novelis under this Agreement are personal, indivisible, royalty-free, non-exclusive, and non-transferable except as otherwise specifically provided herein, and shall be subject to all terms and conditions herein set forth and apply only to the extent herein specified and defined. The non-exclusive licenses granted hereunder shall exist as long as this Agreement is effective in accordance with Article 8.0, provided, however that the non-exclusive licenses granted hereunder is subject to termination in accordance with Article 8.0.

4.2.1 Alcanint hereby grants to Novelis (and agrees to cause any appropriate Alcan Group Company to grant to Novelis) and Novelis hereby accepts, as agent for the relevant members of Novelis Group and subject to the terms and conditions to this Agreement (i) a royalty-free right and license to operate, maintain and repair equipment subject to the Licensed Equipment Patents that was acquired prior to the Effective Date and to use and sell the products produced therewith on a world-wide basis and (ii) a conditional royalty-free right and license to use the Licensed Equipment Patents to build, operate, maintain, repair, reconstruct, rebuild and expand any present or future facilities of Licensee and to use and sell the products produced therewith on a world-wide basis.

4.2.2 To the extent that (i) Alcanint continues the commercial sale of equipment for implementing any Licensed Equipment Patent either directly or through a licensee and (ii) Alcanint or its licensee offers such equipment to Novelis for sale on terms and conditions (including royalties) at least as favourable to Novelis as the best of those offered to any third party during the previous 24 months or, if no such equipment has not been offered within the previous 24 months at market rates (such conditions (i) and (ii) being referred to herein as a "COMMERCIAL LICENSE"), then Novelis shall operate under the terms of such Commercial License rather than the licenses granted in clause (ii) herein which shall be deemed suspended until the occurrence of condition (i) or (ii) above. At any time thereafter, Novelis shall be entitled to operate under the license granted under clause (ii) or Section 4.2.1 as the case may be, with no further action required by either Alcanint or Novelis provided that Novelis shall provide reasonably prompt notice to Alcanint that Novelis is operating under the license set forth in paragraph 4.2 (ii). The licenses provided for in clause

(ii) of Section 4.2.1 shall not apply to any equipment purchased by Novelis prior to the date of such notice for implementing Licensed Equipment Patents to the extent that equipment has been acquired with a valid Commercial License. Such previously purchased equipment shall continue to be operated under the terms and conditions specified at the time such equipment was acquired by Novelis.

Except as otherwise specifically provided in this Agreement, Novelis is not granted and does not have the right to assign, sub-license or otherwise dispose of the Licensed Patents or Licensed Technology or any part thereof.

4.3 Except as otherwise specifically provided in this Agreement, Alcanint shall retain all right, title and interest in and to the Licensed Technology and Licensed Patents including the right (but not the obligation) to file for, prosecute and maintain any applications, registrations or recordation thereof and to bring any action to enforce or otherwise seek to abate any infringement thereof.

4.4 Novelis shall have the right (to be exercised reasonably) from time to time to request additional information concerning the Transferred Technology, Licensed Technology, Unrestricted Licensed Technology and Licensed Patents. Alcanint shall, subject to the availability of appropriate personnel, supply the information so requested with the related cost and expense of doing so, if any, being for Novelis' account.

5.0 EXCLUDED TECHNOLOGY

5.1 For the avoidance of doubt, all Technology that is not clearly identified as one of Licensed Patents, Licensed Equipment Patents, Licensed Technology, Unrestricted Licensed Technology or Transferred Technology shall not be transferred pursuant to Article 3.0 nor shall it be licensed pursuant to Article 4.0, all rights in such Technology shall be retained by Alcanint and such Technology shall be deemed "EXCLUDED TECHNOLOGY" and any license or right granted hereunder shall be specifically limited such that no right, license or permission to use Excluded Technology is granted. Without limitation and notwithstanding anything else contained herein, "Excluded Technology" specifically includes:

- all Technology owned or licensable or controlled by Pechiney except for the following Technology to the extent such Technology is otherwise agreed to be transferred or licensed hereunder: (i) the PAE Twin Roll Casting Technology; (ii) the PAE Metal Treatment Technology; and (iii) other Technology to the extent that it is being used or has been used under the existing or past practice at the former Pechiney Annecy, Rugles, Dudelange and Flemalle sites for the sole purpose of painting Sheet or the production of circles from Sheet or the production of Foil;

- all Technology specific to the production of bright Sheet, reflector Sheet and capacitor Foil to the extent that the rights thereto originated with the 2000 acquisition by Alcan of Alusuisse Group AG together with any subsequent improvements thereto made at the Singen facility;

- all Technology related to the production and application of metal - non-metal bonded composites (e.g. Alucobond), structural composites, foamed plastics, balsa wood products, honeycomb-cored composites, non-aluminum core materials and roll bond Sheet and components made from roll bond except for any such Technology related to the production and application of laminates typically used for roofs, walls, ceilings, automotive applications and caravans (e.g., FF2, FF2 Plus, FALZONALI and AluSilent) or anti-graffiti composite products (e.g., Aluclean) that are in use or held for use as of the Effective Date in connection with the research, development, production, marketing or sale such products at the facilities of Novelis and the Novelis Subsidiaries;

- all Technology specific to the production and application of, diecastings, forgings, except forging stock, non-Rolled Products mass transport systems, non-Rolled Products automotive components and assemblies (e.g. auto bumper beams, crash management systems, side impact beams, cockpit carriers, and certain BIW sub-assemblies, chassis parts and engine cradles) except to the extent that any such Technologies are in use or held for use as of the Effective Date in connection with the research, development, production, marketing or sale of Rolled Products at the facilities of Novelis and the Novelis Subsidiaries;

- all Technology related to the mining of bauxite, the refining and production of alumina and alumina based chemicals other than the Ouro Preto/Aratu/Petrocoque Technology to the extent licensed under Section 4.1;

- all Technology related to the smelting, the operation of smelters, reduction and other processes and techniques relating to the production of molten aluminum metal from alumina or other ores, the generation and transmission of electricity and related technologies other than the Ouro Preto/Aratu/Petrocoque Technology to the extent licensed under Section 4.1;

- all Technology other than Technology related only to Foil that is specific to the manufacturing of any packaging related products made from or incorporating rigid plastics, flexible plastics, carton,

steel, glass or paper but subject to the rights under Section 4.2.2(i) and except for any such Technology that was in use or in development for use in May 2004 in connection with, manufacturing activities conducted at the Ohle, Ludensheid, Berlin, Bridgnorth and Etobicoke facilities;

- all Technologies specific to the production of magnesium chloride and magnesium metal.

5.2 For the avoidance of doubt, the rights and licenses granted in Technology pursuant to Article 3.0 and licensed pursuant to Article 4.0, do not grant such rights and licenses to use any of Licensed Patents, Licensed Technology, Unrestricted Licensed Technology or Transferred Technology in the following fields:

- Plate, except to the extent that they relate to rolled Plate of a thickness of less than 12mm and except as otherwise specifically permitted in Appendix PE;

- products destined or intended for use in the Aerospace Industry;

- aluminum lithium alloys and Series 2000 and Series 7000 alloys;

- production and application of aluminum extruded products and multi-material co-extrusions for all markets, including the casting of extrusion billet except to the extent that they relate to casting extrusion billet using FlexStream Technology and except that Novelis may continue to use such co-extrusion Technology that is being used in, has been used in or is being developed for use in the manufacturing activities conducted by Novelis at the Ludensheid facility to produce products for its existing markets (e.g. cable wrap and pipes);

- production and application of continuous cast bar, rolled rod and products made therefrom including rod, strip, wire and cables; and

- smooth wall containers adapted for the application of heat sealed lids and such lids, destined or intended for use in the packaging of pet food and coating and/or laminating strip used in their manufacture.

6.0 TERMINATION OF PARTICIPATION IN JTA

6.1 As of the Effective Date and provided that the Arrangement becomes effective, Novelis and all Novelis Subsidiaries will cease to be Participants in the JTAs as

that term is defined in the JTAs. In consideration of the rights and licenses granted herein and other good and valuable rights received pursuant to the Separation and related Agreements, Novelis hereby grants and will cause each such Participant to grant to Alcanint all rights of such Participants in technology developed under the JTAs, other than the rights described herein.

6.2 Alcanint on behalf of the Participants in the JTAs hereby releases Novelis and the Novelis Subsidiaries from all obligations under the JTAs as of the Effective Date, provided that Novelis and the Novelis Subsidiaries shall remain responsible for performance of all of their respective obligations under the JTA, up to and including the Effective Date; and provided further that any default in the performance of these obligations shall be deemed a default hereunder.

7.0 PROTECTION OF INFORMATION

7.1 Alcanint and Novelis hereby agree that the Licensed Technology made available to or produced or developed for the other party at any time and Excluded Technology that may be in the possession of Novelis (the "INFORMATION") is confidential information of Alcanint and shall not be disclosed to any third party except as may be expressly provided for herein and that Novelis shall have only such rights in the Information as are expressly provided herein.

7.2 The obligations of confidentiality and non-disclosure shall not apply to Information to the extent that said Information:

7.2.1 is in the public domain through no fault of Novelis, or lawfully is or becomes public knowledge through no breach of this Agreement;

7.2.2 was received from any third party on a non-confidential basis and did not originate from Alcanint or any Alcan Group Company; or

7.2.3 was disclosed by Novelis pursuant to legal process, governmental request or regulatory requirement; provided, however, that Novelis shall use all reasonable efforts to provide notice to Alcanint in order to afford Alcanint a reasonable opportunity to seek a protective order or an injunction.

7.3 Specific information shall not be deemed to be within the exceptions of Section 7.2 above merely because such specific information may be construed as being within broader, non-confidential information which is either in the public domain or the possession of the receiving party on the Effective Date, nor shall a combination of features which form confidential information be deemed to be non-confidential information merely because the individual features, without being combined, are non-confidential.

7.4 Novelis shall not use the Information received hereunder for any purpose other than that specified in this Agreement without first obtaining written consent from Alcanint.

7.5 Novelis may disclose the Information relating to Licensed Technology received hereunder to its officers, employees, contractors, suppliers, customers for Sheet and Foil, representatives and others to the extent necessary for the normal operation of its business. Novelis shall take reasonable precautions, consistent with past practices to preserve the value of the Information. Novelis shall advise the appropriate officers, employees, contractors, suppliers, customers, representatives and others to whom such information is supplied of the confidentiality obligation hereunder, and shall ensure that, where appropriate, they have agreed to comply with the provisions of this Article 7.0.

7.6 The obligations of confidentiality and non-disclosure with respect to specific Information received under this Agreement or otherwise shall expire ten years after the Effective Date of this Agreement.

7.7 The parties recognize that a breach of this Article 7.0 may give rise to irreparable injury to Alcanint that cannot be adequately compensated by monetary damages. Accordingly, in the event of a breach or threatened breach, Alcanint may be entitled to preliminary and permanent injunctive relief to prevent or enjoin a violation of this Article 7.0 and the unauthorized use or disclosure of any confidential Information in addition to such other remedies as may be available for such breach or threatened breach, including the recovery of damages.

7.8 No provision of this Agreement shall be construed to require Alcanint to furnish any information (i) acquired from others on terms prohibiting or restricting disclosure by Alcanint, or (ii) the furnishing of which is in contravention of any law, regulation, or executive order of any government. Each party shall use its commercially reasonable efforts to avoid conditions that prevent the exchange of information under this Agreement.

7.9 Nothing in this Agreement shall preclude Novelis from using any information that is in the public domain at the time of its use of such information unless such information is in the public domain as a result of Novelis' breach of the confidentiality obligations under this Article 7.0.

8.0 TERM AND TERMINATION

8.1 This Agreement shall be effective until and shall terminate on the *** anniversary of the Effective Date except for the restrictions in respect of Transferred Technology as reflected in Section 5.2 which shall be effective until and shall terminate on the *** anniversary of the Effective Date. Upon termination pursuant to this Section 8.1, each of the licenses granted hereunder shall be deemed a fully-paid, unrestricted, unconditional, perpetual license, with the right to grant unrestricted sublicenses subject only to any patents held by Alcanint or an Alcan Group Company and to any obligations to pay any royalties due to any third party from which the Technology was originally acquired or licensed. For clarity, the parties intend that upon termination of this agreement pursuant to this Section 8.1, Novelis shall have all of the rights of a nonexclusive owner of the Licensed Technology, Unrestricted Technology and Transferred Technology and have an unrestricted, unconditional right to use and license such Technology without notice or accounting to Alcanint or any Alcan Group Company.

8.2 Should there be a material default by Novelis in the performance of any of its obligations under this Agreement or under the Separation Agreement and such default is not cured within 30 days following written notification of such default from Alcanint, this Agreement shall terminate on the date specified on such notice which shall not be less than 30 days following the date of such notice, unless Novelis cures such default before such specified termination date. This shall be referred to as early termination.

8.3 This Agreement shall terminate immediately upon the occurrence of any of the following:

(a) the bankruptcy or insolvency of Novelis;

(b) the appointment of a receiver for Novelis' assets;

(c) the making by Novelis of a general assignment for the benefit of creditors; or

(d) the institution by Novelis of proceedings for a reorganization of

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Novelis under the Bankruptcy Act or similar legislation for the relief of debtors or the institution of involuntary proceedings by a party other than Novelis which are not terminated in 30 days.

8.4 All of the licenses of Licensed Technology shall terminate and this Agreement shall terminate (1) upon the occurrence of a Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of such termination by Alcan to Novelis pursuant to Section 14.03(b) of the Separation Agreement, or (2) upon the occurrence of a Change of Control Non Compete Breach (as defined in the Separation Agreement) and the giving of notice of such termination by Alcan to Novelis pursuant to Section 15.04 of the Separation Agreement. In the case of a termination of licenses of Licensed Technology granted to Novelis under this Agreement and termination of this Agreement pursuant to clause (1) or clause (2) hereof, such termination shall be effective immediately upon Alcan providing Novelis notice pursuant to Section 14.03(b) or Section 14.04(e) of the Separation Agreement, as the case may be and Novelis shall cease all use of the Licensed Technology that is the subject of licenses terminated pursuant to this section (including any license granted by virtue of Section 3.3). This section shall not preclude Novelis from using any information that is in the public domain at the time of its use of such information unless such information is in the public domain as a result of Novelis' breach of the confidentiality obligations under Article 7.0.

8.5 This Agreement shall be terminated upon written notice from Alcanint in the event that (i) the Secondary Intellectual Property Agreement is at any time no longer in full force and effect (other than by virtue of a termination caused by the actions or inaction of Alcanint) or (ii) Novelis or any Novelis Subsidiary or any of their respective Affiliates asserts that the Secondary Intellectual Property Agreement is invalid, unenforceable or no longer in full force and effect and does not withdraw such assertion within five business days following a request to do so from Alcanint.

8.6 Early termination pursuant to this Article 8.0 shall not prejudice Alcanint 's rights to recover any amounts due at the time of such termination nor shall it prejudice any other remedy or cause of action or claim of Alcanint accrued or to accrue against Novelis on account of any such default by Novelis.

8.7 This Agreement may be terminated at the option of Novelis, upon receipt of written notice to Alcanint, at any time provided all payments owed hereunder have been remitted to Alcanint.

8.8 Upon early termination of this Agreement pursuant to this Article 8.0, all licenses of any Licensed Technology shall terminate and Novelis shall cease all use of the Licensed Technology. This section shall not preclude Novelis from using any information that is in the public domain at the time of its use of such

information unless such information is in the public domain as a result of Novelis' breach of the confidentiality obligations under Article 7.0.

8.9 Notwithstanding the foregoing, Novelis may, after the date this Agreement is terminated pursuant to this Article 8.0 sell any product made before such termination, as if such product were sold prior to termination.

9.0 SURVIVAL OF OBLIGATIONS

Except as otherwise provided in this agreement and unless otherwise agreed in writing by the parties, the rights and obligations of the parties under Articles 7.0, 10.0, 11.0, 12.0, 15.0, 16.0, 17.0, 18.0, 19.0, 21.0 and 22.0 shall survive the termination of this Agreement.

10.0 REPRESENTATIONS; COVENANT

Each party hereto represents that it has full power and authority to enter into this Agreement and to perform all obligations hereunder. Novelis further represents that it has fully power and authority to act as agent for each member of Novelis Group for all purposes under this Agreement. Novelis covenants that it will cause each member of Novelis Group to act strictly in accordance with the provisions of this Agreement.

11.0 DISCLAIMER

11.1 Novelis acknowledges and agrees that the foregoing assignments and licenses are made on an "as is" quitclaim basis and that neither Alcanint nor any Alcan Group Company is providing or is responsible to provide any representation or warranty of any nature or kind (whether express, implied, statutory, contractual or other in nature and whether relating to title enforceability, merchantability, fitness for purpose, non-infringement, absence of rights of third parties or other) in respect of the Transferred Technology or, Licensed Technology or any use to be made thereof or any product to be produced therewith. Neither Alcanint nor any Alcan Group Company shall be liable to Novelis, or any other person, for any damage, injury or loss, including loss of use arising from any activities or obligations under this Agreement; or for any direct or indirect, incidental, consequential special or punitive damages.

11.2 Nothing in this Agreement shall be construed as a warranty or representation that any product made, used, sold or otherwise disposed with the benefit of any rights or license granted pursuant to this Agreement is or will be free from infringement of patents of third parties.

11.3 Neither Alcan nor any other Alcan Group Company nor any of their current Affiliates shall have any infringement action or claim against Novelis or any or its current Affiliates in respect of Designated Patents, Licensed Patents or

Technology to the extent of any use of same prior to the Effective Date. None of Novelis, any Novelis Subsidiary nor any of their Affiliates shall have any infringement action against any Alcan Group Company in respect of any past, use of Technology. Each party, on behalf of itself and its Subsidiaries and Affiliates, hereby releases the other party and it Affiliates and Subsidiaries, from, and agrees not to sue concerning, any and all claims for infringement in respect of any use of Technology prior to the Effective Date, whether based on contract, tort, statutory or other legal or equitable theory of recovery, which such party (or its Subsidiaries or Affiliates) has asserted or could have asserted against the other party (or its Subsidiaries or Affiliates). Promptly following the Effective Date, the relevant Alcan Group Company (or Affiliate) and Novelis (or Affiliate) shall promptly execute and deliver stipulations of dismissal with prejudice of any claims filed in respect of any such alleged infringement, in forms suitable for immediate filing in the relevant court.

11.4 Without limiting Section 11.1 hereof, in no event shall either party or any of their respective Affiliates be liable to the other party or its Affiliates for any special, consequential, indirect, incidental or punitive damages or lost profits, however caused and on any theory of liability (including negligence) arising in any way out of this Agreement, whether or not such party has been advised of the possibility of such damages.

12.0 TRADEMARK, TRADE NAME AND LOGO

No right is conveyed under this Agreement for the use, either directly, indirectly, by implication or otherwise, of any trademark, trade name or logo owned by Alcanint or any Alcan Group Company. The parties will enter into a separate trademark license agreement if appropriate.

13.0 NON-WAIVER

The failure of any party to insist in any one or more instances upon the strict performance of any one or more of the obligations of this Agreement or to exercise any election herein contained, shall not be construed as a waiver for the future of the performance of such one or more obligations of this Agreement or of the right to exercise such election. No waiver of any breach or default of this Agreement shall be held to be a waiver for any subsequent breach.

14.0 NO PARTNERSHIP, JOINT VENTURE

The parties to this Agreement agree and acknowledge that the Agreement does not create a partnership, joint venture or any other relationship between Alcanint and Novelis save the relationship specifically set out herein before and solely for the limited purposes herein.

15.0 FURTHER ASSURANCES, CONSENTS, ETC.

The parties to this Agreement shall co-operate together using their respective commercially reasonable best efforts to take such further steps, including the execution and delivery of documentation and applications which are required for legal or regulatory purposes or to obtain the consents or approvals of third parties or necessary or advisable registrations. All fees and expenses related to registrations which are advisable or necessary shall be at the expense of the future owner of such registrations and all registrations will be the responsibility of such owner. Nothing contained in this Agreement shall be interpreted to oblige any party to do anything more than apply its commercially reasonable best efforts (without material expense to it) to obtain any consent, approval or registration which may be required to give full effect to the terms and conditions hereof. Similarly, no party shall be obliged to convey any rights or do any other thing which would cause it to be in breach of any legal or contractual obligation.

16.0 NOTICES

Any notice, consent or other instrument required or permitted to be given by one party to the other party hereunder shall be in writing and shall be delivered or sent by first class mail or telefax and shall be deemed received five days following prepaid mailing or the next business day when telefaxed to the other party with receipt confirmation at the addresses set forth below;

To Alcanint: Alcan International Limited
1188 Sherbrooke Street West
Montreal, Quebec, Canada H3A 3G2

Fax: (514) 848-8555
Attention: Company Secretary

In all cases with copy (which
shall not constitute notice) to:
Alcan Inc.
1188 Sherbrooke Street West
Montreal, Quebec, Canada H3A 3G2

Fax: (514) 848-8555
Attention: Company Secretary

To Novelis: Novelis Inc.
Suite 3800
Royal Bank Plaza, South Tower
P. O. Box 84
200 Bay Street
Toronto, Ontario, Canada M5J 2Z4
Fax: (416) 216-3930
Attention: President

Either party may change the notice address by giving written notice to the other party. If sent by telefax, a confirming copy of such shall be sent by regular mail to the addressee.

17.0 ASSIGNMENT

17.1 This Agreement shall not be assignable, in whole or in part, directly or indirectly, by any party hereto without the prior written consent of the others, and any attempt to assign any rights or obligations under this Agreement without such consent shall be null and void and deemed to be in breach hereof.

17.2 Notwithstanding the preceding Section 17.1, this Agreement may be assigned (i) by Alcanint to any Alcan Group Company, by Novelis to any Novelis Subsidiary and (ii) by either party in whole in connection with a merger or consolidation or the sale of all or substantially all of the assets of such Party, or (iii) by Novelis in part in connection with a sale or other divestiture of a Novelis Subsidiary, plant, or business unit whose field of activity is principally related to the portion of Novelis' business that makes actual use of the Technology licensed under this Agreement; provided, however, that such assignee must expressly agree in writing to be bound by the terms and conditions of this Agreement.

17.3 Nothing in this Article 17.0 shall operate to entitle any transfer, assignment or license to any entity which has any activities directly or through Affiliates of a type which would be contrary to Section 8.4. Any such transfer assignment, or license (actual or attempted) shall in all aspects be void ab initio and any attempted assignment in violation thereof shall be deemed to constitute a material default within the meaning of Section 8.2 hereunder.

18.0 INDEMNIFICATION

18.1 Novelis shall indemnify, defend and hold harmless Alcanint and all Alcan Group Companies and their respective directors and officers (the "ALCANINT INDEMNITEES") from and against any and all losses incurred or suffered by any of the Alcanint Indemnitees arising out of the use of any Transferred Technology or Licensed Technology by Novelis or any of its Affiliates or customers.

18.2 If any Alcanint Indemnitee determines that it is or may be entitled to indemnification by any party (the "INDEMNIFYING PARTY"), under this Article 18.0, (other than in connection with an action subject to Section 18.3), the Indemnified Party shall deliver to the Indemnifying Party a written notice describing to the extent reasonably practicable, the basis for its claim for indemnification and the amount for which the Indemnified Party reasonably believes it is entitled to be indemnified. If the Indemnifying Party has not responded within 30 days after receipt of such notice, the Indemnified Party shall deliver a second notice to the Indemnifying Party within ten days of the expiration of the original 30 day period. Within 30 days after receipt of any second notice, the Indemnifying Party shall pay the Indemnified Party such amount in cash or other immediately available funds unless the Indemnifying Party objects to the claim for indemnification or the amount thereof.

18.3 Promptly following the earlier of (i) receipt of notice of the commencement of an action by a third party against or otherwise involving any indemnified party, or (ii) receipt of information from a third party alleging the existence of a claim against an Indemnified Party, in either case, with respect to which indemnification may be sought pursuant to this Agreement, (a "THIRD PARTY Claim"), the Indemnified Party shall give the Indemnifying Party written notice thereof. The failure of the Indemnified Party to give notice as provided in this Article 18.0 shall not relieve the Indemnifying Party of its obligations under this Agreement, except to the extent that the Indemnifying Party is prejudiced by such failure to give notice. Within 30 days after receipt of such notice, the Indemnifying Party may (i) by giving written notice thereof to the Indemnified Party, acknowledge liability for such indemnification claim and at is option elect to assume the defence of such Third Party Claim at its sole cost and expense or (ii) object to the claim for indemnification set forth in the notice delivered by the Indemnified Party pursuant to the first sentence of this Section 18.3; provided that if the Indemnifying Party does not within such 30 day period give the Indemnified Party written notice objecting to such indemnification claim and setting forth the grounds therefor, the Indemnified Party shall give the Indemnifying Party an additional notice of its claim for indemnification and if the Indemnifying Party does not give the Indemnified Party written notice objecting to such claim within ten days after receipt of such notice the Indemnifying Party shall be deemed to have acknowledged its liability for such indemnification claim. If the Indemnifying Party has elected to assume the defence of a Third Party Claim, (x) the defence shall be conducted by counsel retained by the Indemnifying Party and reasonably satisfactory to the Indemnified Party, provided that the Indemnified Party shall have the right to participate in such proceedings and to be represented by counsel of its own choosing at the Indemnified Party's sole cost and expense; and (y) the Indemnifying Party may settle or compromise the third Party claim without the prior written consent of the Indemnified Party so long as such settlement includes and unconditional release of the Indemnified Party from all claims that are the subject of such

Third Party Claim provided the Indemnifying Party may not agree to any such settlement pursuant to which any remedy or relief, other than money damages for which the Indemnifying Party shall be responsible hereunder, shall be applied to or against the Indemnified Party, without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld. If the Indemnifying Party does not assume the defence of a Third Party Claim for which it has acknowledged liability for indemnification hereunder, the Indemnified Party may require the Indemnifying Party to reimburse it on a current basis for its reasonable expenses of defending against such Third Party Claim and the Indemnifying party shall be bound by the result obtained with respect thereto by the Indemnified Party; provided that the Indemnifying Party shall not be liable for any settlement effected without its consent, which consent shall not be unreasonably withheld. The Indemnifying Party shall pay to the Indemnified Party in cash the amount, if any, for which the Indemnified Party is entitled to be indemnified hereunder within 15 days after such Third Party Claim has been finally determined, or in the case of an indemnity claim as to which the Indemnifying Party has not acknowledged liability, within 15 days after such Indemnifying Party's objection to liability hereunder has been finally determined.

18.4 If for any reason the indemnification provided for in Section 18.1 is unavailable to an Indemnified Party, or insufficient to hold it harmless, then the Indemnifying Party shall contribute to the amount paid or payable to such Indemnified Party as a result of such losses in such proportion as is appropriate to reflect all relevant equitable considerations.

18.5 The remedies provided for in this Article 18.0 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

19.0 ENTIRE AGREEMENT, AMENDMENTS

19.1 This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions whether oral or written of the parties, and there are no representations, warranties or conditions expressed or implied or otherwise between the parties in connection with the subject matter hereof, except as specifically set forth herein. No amendment to the terms and conditions hereof or waiver in respect thereto shall be binding unless it is in writing and signed by duly authorized representatives of both parties.

19.2 Notwithstanding the foregoing, the rights and interests transferred, assigned or granted to Novelis or Novelis Subsidiaries or otherwise to be made available to them pursuant to the terms of this Agreement, shall in all respects be subject to

the provisions of the Separation Agreement and nothing in this Agreement shall entitle Novelis or Novelis Subsidiaries to have any rights or pursue any activity which would otherwise be restricted by the Separation Agreement. The Separation Agreement shall not in defining the assets, businesses, rights and obligations to form part of Novelis, be interpreted so as to grant, convey or confirm, directly or indirectly, any rights on the part of Novelis in respect of Technology which would be greater than those established herein.

20.0 DISPUTE RESOLUTION

The Master Agreement with Respect to Dispute Resolution, effective on the Effective Date, among Alcanint, Novelis and other parties thereto shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of this Agreement) or the commercial or economic relationship of the Parties relating hereto or thereto.

21.0 MISCELLANEOUS

21.1 The division of this Agreement into sections, subsections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement.

21.2 The parties hereto have requested that this Agreement and all other documents, notices or written communications relating thereto, be in the English language.

21.3 The parties may amend this Agreement only by a written agreement signed by each party to be bound by the amendment and that identifies itself as an amendment to this Agreement.

21.4 Except as expressly stated to the contrary herein, the provisions of this Agreement are solely for the benefit of the parties and are not intended to confer upon any person except the parties any rights or remedies hereunder, and there are no third party beneficiaries of this Agreement, and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, claim of action or other right in addition to those existing without reference to this Agreement.

22.0 GOVERNING LAW

Recognizing the numerous jurisdictions associated with this Agreement and the activities contemplated by it, the parties agree that this Agreement shall be governed, construed and interpreted according to the laws of the Province of Quebec, Canada without the application of the provisions relating to the conflict of laws. Any provision in this Agreement prohibited by law or by court decree shall be ineffective to the extent of such prohibition without in any way invalidating or affecting the remaining provisions of this Agreement, and this Agreement shall be construed as if such prohibited provision had never been contained herein. Alcanint and Novelis hereby agree, however, to negotiate an equitable amendment of this Agreement if a material provision is adversely affected.

IN WITNESS WHEREOF duly authorised representatives of the parties hereto have signed duplicate copies of this Agreement.

ALCAN INTERNATIONAL LIMITED	NOVELIS INC.
Per: /s/ David McAusland	Per: /s/ Brian W. Sturgell
---	---

INTERVENTION

Alcan Inc. has intervened in this Agreement to acknowledge its terms and agree to be bound by and benefit from same.

ALCAN INC.

Per: /s/ David McAusland

EXECUTION COPY

EXHIBIT 10.9

INTELLECTUAL PROPERTY AGREEMENT

BETWEEN

NOVELIS INC.

AND

ALCAN INTERNATIONAL LIMITED

TABLE OF CONTENTS

INTELLECTUAL PROPERTY AGREEMENT

This Intellectual Property Agreement is entered into with effect as of the Effective Date.

BETWEEN: Novelis Inc. a Canadian corporation having its registered office at 1188 Sherbrooke Street West, Montreal, Quebec, Canada (hereinafter referred to as "NOVELIS") acting as principal and as agent for the other members of Novelis Group, as herein provided.

AND: Alcan International Limited, a Canadian corporation having its head office at 1188 Sherbrooke Street West, Montreal, Quebec, Canada (hereinafter referred to as "ALCANINT")

WHEREAS, Alcanint is a wholly-owned subsidiary of Alcan Inc.; and

WHEREAS, Alcan Inc. and Novelis have entered into the Separation Agreement which provides, among other things, for the transfer of certain assets from Alcan to Novelis and the assumption by Novelis of certain liabilities in connection with the distribution of common shares of Novelis to the holders of the common shares of Alcan and the execution and delivery of certain other agreements including this Agreement; and

WHEREAS Alcanint has pursuant to the Principal Intellectual Property Agreement (as defined below) entered into, transferred and assigned ownership of certain Technology to Novelis and desires to retain certain rights in respect thereof;

NOW THEREFORE, in consideration of the foregoing and the mutual agreements set forth below, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1.0 PREAMBLE

The preamble hereto shall be considered an integral part of this Agreement.

2.0 DEFINITIONS

As used herein, the following terms shall have the following meanings:

2.1 "AEROSPACE INDUSTRY" shall mean the production of aircraft, spacecraft, satellites and similar craft for manned or unmanned flight;

2.2 "AFFILIATE" shall mean, with respect to any corporation, association or other business entity, any other entity directly or indirectly controlling, controlled by or under common control with such specified corporation, association or entity. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies, whether through the ownership of voting securities, by agreement or otherwise; provided, however, that beneficial ownership of 10% or

more of the securities or other interest entitled to vote generally in the election of directors shall be deemed to be control;

2.3 "AGREEMENT" shall mean this Intellectual Property Agreement and all other documents that are made a part hereof;

2.4 "ALCAN" means Alcan Inc., a Canadian corporation;

2.5 "ALCAN GROUP COMPANY" shall mean Alcan or any entity of which a majority of the total voting power of capital stock or other interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof or at the time owned or controlled, directly or indirectly, by Alcan.

2.6 "AUTOMOTIVE SHEET" shall mean aluminum Sheet products destined or intended for use in or principally related to the production of body panels (including closures, skin, hoods, decks, lids and fenders) and Sheet-based body-in-white structures for road vehicles;

2.7 "AUTOMOTIVE SHEET PATENTS" shall mean the patents and patent applications in respect of Automotive Sheet as listed in Appendix ASP;

2.8 "COCAST TECHNOLOGY" shall mean the Technology originally developed by Wagstaff Inc. and further developed by Alcan Group Companies, primarily at the Solatens Facility, related to the casting of composite ingots with distinct regions having different alloy compositions as generally described in the patents and patent applications listed in Appendix CCT;

2.9 "EFFECTIVE DATE" shall mean the Effective Date as defined in the Separation Agreement;

2.10 "FLEXCAST TECHNOLOGY" shall mean the Technology specific to continuous casting of a thin strip between two chilled metallic belts and as generallydescribed in the patents and patent applications listed in Appendix FCT;

2.11 "FLEXSTREME TECHNOLOGY" shall mean the Technology and equipment designs originally developed by Wagstaff Inc. and further developed by Alcan Group Companies, primarily at the Solatens Facility, related to the horizontal direct chill casting of small diameter ingots suitable for use as forging stock as generally described in the patents and patent applications listed in Appendix FST;

2.12 "INSITU HOMOGENIZATION TECHNOLOGY" shall mean ***;

2.13 "LICENSED NOVELIS PATENTS" shall mean the patents and patent applications listed on Appendix LNP;

2.14 "LICENSED NOVELIS TECHNOLOGY" shall mean the technology licensed by Novelis to Licensee pursuant to Section 3.1.hereof;

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

2.15 "LICENSEE" shall mean Alcanint or any of its Affiliates as determined by the context or as otherwise designated for any particular purpose by Alcanint, provided that an Alcan Group Company other than Alcan or Alcanint shall be a Licensee under this Agreement only if such company agrees to be bound by the terms of this Agreement and provided further that Alcanint shall remain liable for license related obligations on a joint and several basis for any of its Affiliates as determined by the context or as otherwise designated for any particular purpose by Alcanint.

2.16 "NETCAST TECHNOLOGY" shall mean the Technology originally developed by Wagstaff Inc. and further developed by Alcan Group Companies, primarily at the Solatens Facility, related to the direct chill casting of complex shapes as more particularly described in the patents and patent applications listed in Appendix NCT;

2.17 "NOVELIS GROUP" shall mean Novelis and the Novelis subsidiaires.

2.18 "NOVELIS SUBSIDIARY" shall mean, as of and from the Effective Date, (i) Petrocoque S.A. - Industria E Comercio, Aluminium Norf GmbH and Logan Aluminum Inc, in each case for so long as Novelis retains at least its current ownership stake in such entity and (ii) any other entity of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly by Novelis;

2.19 "NOVELIS TECHNOLOGY" shall mean any and all patents, patent applications, copyrights, trade secrets, information, data, inventions, designs and similar rights either conceived or first reduced to practice on or before the Effective Date that are owned or licensable by Novelis or under the control of Novelis pursuant to the Principal Intellectual Property Agreement and forming the subject matter hereof;

2.20 "PAE TWIN ROLL CASTING TECHNOLOGY" shall mean Technology specific to the continuous casting of a relatively thin metal strip between two chilled rolls which is marketed by Pechiney Aluminium Engineering as more particularly described in the patents and patent applications listed in Appendix TRCT;

2.21 "PAE METAL TREATMENT TECHNOLOGY" shall mean Technology specific to the melting, holding and casting of aluminum, treatments of molten aluminum to remove hydrogen, solid and liquid inclusions and alkali metal and related equipment including but not limited to IRMA, JetCleaner, Alpur, PDBF, CCF and Autopak which is marketed by Pechiney Aluminium Engineering as more particularly described in the patents and patent applications listed in Appendix MTT.

2.22 "PRINCIPAL INTELLECTUAL PROPERTY AGREEMENT" shall mean that other Intellectual Property Agreement, of even date herewith, between Alcanint as the party of the first part and Novelis as the party of the second part;

2.23 "SEPARATION AGREEMENT" shall mean the Separation Agreement of even date herewith between Alcan and Novelis, as described in the Preamble of this Agreement;

2.24 "SHEET" and "FOIL" shall have the same meaning as is commonly ascribed to those expressions in the aluminum industry in reference to rolled aluminum provided that it is of a thickness of 6.5 mm or less;

2.25 "SIERRE TECHNOLOGY shall mean the patents and patent applications listed on Appendix SP which are a subset of the Automotive Sheet Patents as well as the Technology used from time to time in connection with the operation of the business and manufacturing activities at the Sierre North Building;

2.26 "SIERRE NORTH BUILDING LEASE" shall mean the lease for the premises commonly referred to as the "SIERRE NORTH BUILDING" between an Alcan Group Company as lessor and Novelis or one of its Affiliates as lessee which lease is further referred to in, annexed to or defined in the Separation Agreement.

2.27 "SUBSIDIARY" shall mean, with respect to any corporation, association or other business entity, any other entity of which a majority of the total voting power of capital stock or other interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such corporation, association or entity or one or more of its other Subsidiaries; and

2.28 "TECHNICAL ASSISTANCE" shall mean the services rendered by Novelis, or a third party selected by Novelis, to the Licensee, to install, test and operate and maintain the Novelis Technology.

3.0 LICENSE RIGHTS GRANTED

3.1 Novelis hereby grants to Licensee and Licensee hereby accepts, subject to the terms and conditions of this Agreement, the following rights and licenses:

3.1.1 a royalty-bearing right and license to use the NetCast Technology to build, operate, maintain, repair, reconstruct, rebuild and expand present or future facilities of Licensee and to use and sell the products produced using the NetCast Technology on a world-wide basis,

3.1.2 a royalty-bearing right and license to use the CoCast Technology to build, operate, maintain, repair, reconstruct, rebuild and expand present or future facilities of Licensee and to use and sell the products using the CoCast Technology produced world-wide; provided, however, that Licensee shall have no right under this license to make or sell products using the CoCast Technology other than in respect of products destined for use in the Aerospace Industry;

3.1.3 a conditional royalty-bearing right and license to use the FlexStreme Technology to build, operate, maintain, repair, reconstruct, rebuild and expand present or future facilities of Licensee and to use and sell the products produced using the FlexStreme Technology on a world-wide basis,

3.1.4 a royalty-free right and license to use the InSitu Homogenization Technology to build, operate, maintain, repair, reconstruct, rebuild and

expand any present or future facilities of Licensee and to use and sell the products produced using InSitu Homogenization Technology on a world-wide basis,

3.1.5 a royalty-free right and license to use, commercialize and sublicense the PAE Metal Treatment Technology on a world-wide basis, including without limitation to build, operate, maintain, repair, rebuild and expand any present or future facilities of Licensee, to manufacture and sell products using the PAE Metal Treatment Technology and to assign, sublicense or otherwise convey to any person for any of the foregoing purposes,

3.1.6 a royalty-free right and license to use and commercialize the Licensed Novelis Patents to build, operate, maintain, repair, reconstruct, rebuild and expand any present or future facilities of Licensee and to use and sell the products produced using the Licensed Novelis Patents on a world-wide basis,

3.1.7 A royalty-free right and license to use and commercialize the Automotive Sheet Patents and related Technology, as referred to in paragraph 3.1.2 of the Principal Intellectual Property Agreement, to build, operate, maintain, repair, reconstruct, rebuild and expand any present or future facilities of Licensee and to use and sell the products produced using the Automotive Sheet Patents and said related Technology on a world-wide basis provided that Licensee's rights and Licenses in respect thereto shall not extend to permitting the use and commercialization of same for Automotive Sheet applications other than for products destined or intended for use in public or mass transportation,

3.1.8 A conditional royalty-free right and license to use and commercialize the Sierre Technology to build, operate, maintain, repair, reconstruct, rebuild and expand any present or future facilities of Licensee and to use and sell the products produced using the Sierre Technology on a world-wide basis, and

3.1.9 Rights and/or licenses in the FlexCast Technology and the PAE Twin Roll Casting Technology under the terms and conditions in Appendix CNC hereto.

3.2 To the extent that (i) Novelis continues the commercial sale of equipment for implementing the FlexStreme Technology and (ii) Novelis offers such equipment to Licensee for sale on terms and conditions (including royalties) at least as favourable to Licensee as the best of those offered to any third party during the preceding 12 months (such conditions (i) and (ii) being referred to herein as a "COMMERCIAL LICENSE"), then Licensee shall operate under the terms of such Commercial License rather than the licenses granted in paragraph 3.1.3 herein until the occurrence of condition (i) or (ii) above. At any time thereafter, Licensee shall be entitled to operate under the license granted under paragraph 3.1.3, as the case may be, with no further action required by either Novelis or Licensee, provided that Licensee shall provide reasonably prompt notice to Novelis that Licensee is operating under the license set forth in paragraph 3.1.3. The licenses

provided for in paragraphs 3.1.3 shall not apply to any equipment purchased by Licensee prior to the date of such notice for implementing FlexStreme Technology to the extent that equipment has been acquired with a valid Commercial License. Such previously purchased equipment shall continue to be operated under the terms and conditions specified at the time such equipment was acquired by Licensee.

3.3 The license granted in paragraph 3.1.8 shall be subject to the condition that it shall only take effect upon the termination or expiry of the Sierre North Building Lease provided such termination is not as the result of a default on the part of Alcan.

3.4 Except as otherwise provided for herein, all licenses granted to Licensee under this Agreement shall be personal, indivisible, non-exclusive, and non-transferable except as otherwise provided herein and shall be subject to all terms and conditions herein set forth. The licenses granted hereunder shall exist as long as this Agreement is effective in accordance with Article 7.0, provided however that, the non-exclusive licenses granted hereunder are subject to termination in accordance with Article 7.0.

3.5 Except as otherwise specifically provided in this Agreement, Licensee is not granted and does not have the right to assign, sub-license or otherwise dispose of the Licensed Novelis Technology or any part thereof without the express written consent of Novelis.

3.6 Licensee may grant sublicenses (i) to third parties (such as customers and vendors) to the extent necessary or appropriate to give commercial effect to the rights sought to be licensed hereunder and (ii) to Alcan Group Companies provided that any such sublicense may be made effective retroactively but not prior to the sublicensee's becoming an Alcan Group Company and any such sublicense shall terminate immediately upon such sublicensee no longer being an Alcan Group Company, except in a transaction that meets the conditions of Section 16.2.

3.7 Except as otherwise specifically provided in this Agreement and subject to its obligations under the Separation Agreement and the Principal Intellectual Property Agreement, Novelis shall retain all right and title in and to the Licensed Novelis Technology (subject to any limitations inherent in the rights received pursuant to the Principal Intellectual Property Agreement) including without limitation:

3.7.1 All unencumbered rights of ownership in and to the Licensed Novelis Technology;

3.7.2 The right to use the Licensed Novelis Technology in connection with the marketing, offer, use, sale or other transfer of any product, or service; and

3.7.3 The right to license third parties to use the Licensed Novelis Technology;

3.7.4 The right (but not the obligation) to file for, prosecute and maintain any applications, registrations or recordation thereof and to bring any action to enforce or otherwise seek to abate any infringement thereof.

3.8 The Licensee shall have the right (to be exercised reasonably) to request, from time to time, additional information concerning the Licensed Novelis Technology and technology licensed to Novelis under the Principal Intellectual Property Agreement. Novelis shall, subject to the availability of appropriate personnel, supply the information so requested with the related cost and expense of doing so being, if any, being for the Licensee's account.

3.9 The reference to licenses in this Article 3.0 is intended to cover permission for use as may be required or contemplated by the Principal Intellectual Property Agreement in connection with rights and interests reserved to Alcanint or Alcan Group Companies thereunder. Nothing in this Agreement shall be interpreted so as to contradict any reservation of rights or interests provided for under the Principal Intellectual Property Agreement.

4.0 ROYALTY AND ROYALTY PAYMENT

4.1 Royalty payments shall accrue and be payable, and reports and royalty payments shall be made as set forth on Schedule ROY.

5.0 TECHNICAL ASSISTANCE

5.1 Alcanint shall have the right (to be exercised reasonably) from time to time to request additional information concerning the Licensed Novelis Technology. Novelis shall, subject to the availability of appropriate personnel, supply the information so requested with the related cost and expense of doing so, if any, being for Alcanint's account. Novelis will provide Alcanint and other Alcan Group Companies such technical consulting and assistance from qualified personnel as may from time to time be reasonably requested by Alcanint or such other Alcan Group Companies with respect to CoCast Technology and Insitu Homogenization Technology and shall be entitled to reasonable per diem fees to be agreed between the parties based on actual cost of providing such services; provided that Novelis shall not be obligated to provide such assistance in excess of (i) 20 person-days in the aggregate or (ii) 10 person-days in any calendar month.

6.0 PROTECTION OF INFORMATION

6.1 Licensee hereby agrees that the Licensed Novelis Technology made available to or produced or developed for it at any time (the "INFORMATION") is confidential information of Novelis and shall not be disclosed to any third party except as may be expressly provided for herein and that Licensee shall have only such rights in the Information as expressly provided herein.

6.2 The obligations of confidentiality and non-disclosure shall not apply to Information to the extent that said Information:

6.2.1 is in the public domain through no fault of Licensee, or lawfully is or becomes public knowledge through no breach of this Agreement;

6.2.2 was received from any third party on a non-confidential basis and did not originate from Novelis or any of its Subsidiaries; or

6.2.3 was disclosed by Licensee pursuant to legal process, governmental request or regulatory requirement; provided, however, that the receiving party shall use all reasonable efforts to provide notice to the disclosing party in order to afford the disclosing party a reasonable opportunity to seek a protective order or an injunction.

6.3 Specific information shall not be deemed to be within the exceptions of Section 6.2 above merely because such specific information may be construed as being within broader, non-confidential information which is either in the public domain or the possession of the receiving party on the Effective Date nor shall a combination of features which form confidential information be deemed to be non-confidential information merely because the individual features, without being combined, are non-confidential.

6.4 Licensee shall not use the Information received hereunder for any purpose other than that specified in this Agreement without first obtaining written consent from Novelis.

6.5 Licensee may disclose the Information received hereunder to its officers, employees, contractors, suppliers, customers, representatives and others to the extent necessary for the normal operation of its business. Licensee shall take reasonable precautions, consistent with past practices, to preserve the value of the Information. Licensee shall advise the appropriate officers, employees, contractors, suppliers, customers, representatives and others to whom such information is supplied of the confidentiality obligation hereunder, and shall ensure that, where appropriate, they have agreed to comply with the provisions of this Article 6.0.

6.6 The obligations of confidentiality and non-disclosure with respect to specific Information received under this Agreement or otherwise shall expire ten years after the termination of this Agreement.

6.7 The parties recognise that a breach of this Article 6.0 may give rise to irreparable injury to Novelis that cannot be adequately compensated by monetary damages. Accordingly, in the event of a breach or threatened breach, Novelis may be entitled to preliminary and permanent injunctive relief to prevent or enjoin a violation of this Article 6.0 and the unauthorised use or disclosure of any confidential Information in addition to such other remedies as may be available for such breach or threatened breach, including the recovery of damages.

6.8 No provision of this Agreement shall be construed to require Novelis to furnish any information i) acquired from others on terms prohibiting or restricting disclosure by Novelis, or ii) the furnishing of which is in contravention of any law, regulation, or executive order of any government. Each party shall use its commercially reasonable efforts to avoid conditions that prevent the exchange of information under this Agreement.

6.9 Nothing in this Agreement shall preclude Licensee from using any information that is in the public domain at the time of its use of such information unless such information is in the public domain as a result of Licensee's breach of the confidentiality obligations under this Article 6.0.

7.0 TERM AND TERMINATION

7.1 This Agreement shall be effective until and shall terminate on the ***anniversary of the Effective Date. Upon termination pursuant to this Section 7.1, each of the licenses granted hereunder shall be deemed a fully-paid, perpetual, unrestricted, unconditional license with the right to grant unrestricted sublicenses subject only to any obligation to pay any royalties due to any third party from which the Novelis Technology licensed hereunder was originally acquired. For clarity, the parties intend that upon termination of this agreement pursuant to this Section 7.1, Alcanint shall have all of the rights of a nonexclusive owner of the Novelis Licensed Technology excluding any patents included therein and have the right to use and license such Technology without notice or accounting to Novelis.

7.2 Should there be a material default by Licensee in the performance of any obligations under this Agreement or the Separation Agreement and such default is not cured within 30 days following written notification of such default from Novelis, this Agreement shall terminate on the date specified on such notice which shall not be less than 30 days following the date of such notice, unless Licensee cures such default before such specified termination date.

7.3 This Agreement shall terminate immediately upon the occurrence of any of the following:

(a) the bankruptcy or insolvency of Licensee

(b) the appointment of a receiver for Licensee's assets,

(c) the making by Licensee of a general assignment for the benefit of creditors,

(d) the institution by Licensee of proceedings for a reorganization of Licensee under the Bankruptcy Act or similar legislation for the relief of debtors or the institution of involuntary proceedings by a party other than Licensee which are not terminated in 30 days.

7.4 Early termination under Section 7.2 or Section 7.3 shall not prejudice Novelis' rights to recover any amounts due at the time of such termination nor shall it prejudice any other remedy or cause of action or claim of Novelis accrued or to accrue against Licensee on account of any such default by Licensee.

7.5 This Agreement may be terminated at the option of Licensee, upon receipt of written notice to Novelis, at any time provided all payments owed hereunder have been remitted to Novelis.

7.6 Upon early termination of this Agreement pursuant to this Article 7.0, all licenses of Licensed Novelis Technology shall terminate and Licensee shall cease all use of the Licensed Novelis Technology.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

7.7 Notwithstanding the foregoing, Licensee may, after the date this Agreement is terminated pursuant to this Article 7.0, sell any product made before such termination, as if such product were sold prior to termination.

8.0 SURVIVAL OF OBLIGATIONS

Except as otherwise provided in this agreement and unless otherwise agreed in writing by the parties, the rights and obligations of the parties under Articles 6.0, 9.0, 10.0, 11.0, 14.0, 15.0, 16.0, 17.0, 18.0, 20.0 and 21.0 shall survive the termination of this Agreement.

9.0 REPRESENTATIONS; COVENANT

Each party hereto represents that it has full power and authority to enter into this Agreement and to perform all obligations hereunder. Novelis further represents that it has full power and authority to act as agent for each member of Novelis Group for all purposes under this Agreement. Novelis covenants that it will cause each member of Novelis Group to act strictly in accordance with the provisions of this Agreement.

10.0 DISCLAIMER

10.1 Licensee acknowledges that the foregoing licenses are made on an "as is" quit-claim basis and Novelis is neither providing nor is responsible for any representation or warranty of any nature or kind (whether express, implied, statutory, contractual or other in nature and whether relating to title, enforceability, merchantability, fitness for purpose, non-infringement, absence of rights of third parties or other) in respect of Licensed Novelis Technology or any use to be made thereof or any product to be produced therewith. Neither Novelis nor any Novelis Subsidiary shall be liable to Licensee, or any other person, for any damage, injury or loss, including loss of use arising from any activities or obligations under this Agreement; or for any direct or indirect, incidental, consequential special or punitive damages.

10.2 Nothing in this Agreement shall be construed as a warranty or representation that any product made, used, sold or otherwise disposed of under any license granted pursuant to this Agreement is or will be free from infringement of patents of third parties.

10.3 Neither Novelis nor any other of its Subsidiaries or current Affiliates shall have any infringement action or claim against Alcan or any of its current Affiliates in respect of Novelis Technology to the extent of any use of same prior to the Effective Date. None of Novelis, any Novelis Subsidiary nor any of their Affiliates shall have any infringement action against any Alcan Group Company in respect of any past use of Technology.

10.4 Without limiting Section 10.1 hereof, in no event shall either party or any of their respective Affiliates be liable to the other party or its Subsidiaries or other Affiliates for any special, consequential, indirect, incidental or punitive damages or lost profits, however caused and on any theory of liability (including negligence) arising in any way out of this Agreement, whether or not such party has been advised of the possibility of such damages.

11.0 TRADEMARK, TRADE NAME AND LOGO

No right is conveyed by either party to the other under this Agreement for the use, either directly, indirectly, by implication or otherwise, of any trademark, trade name or logo owned by Licensee or Novelis or any Alcan Group Company or Novelis Group Company. The parties will enter into a separate trademark license agreement, if appropriate.

12.0 NON-WAIVER

The failure of any party to insist in any one or more instances upon the strict performance of any one or more of the obligations of this Agreement or to exercise any election herein contained, shall not be construed as a waiver for the future of the performance of such one or more obligations of this Agreement or of the right to exercise such election. No waiver of any breach or default of this Agreement shall be held to be a waiver for any subsequent breach.

13.0 NO PARTNERSHIP, JOINT VENTURE

The parties to this Agreement agree and acknowledge that the Agreement does not create a partnership, joint venture or any other relationship between Novelis and Licensee save the relationship specifically set out herein before and solely for the limited purposes herein.

14.0 FURTHER ASSURANCES, CONSENTS, ETC.

The parties to this Agreement shall co-operate together using their respective commercially reasonable best efforts to take such further steps, including the execution and delivery of documentation and applications which are required for legal or regulatory purposes or to obtain the consents or approvals of third parties or necessary or advisable registrations. All fees and expenses related to registrations which are advisable or necessary shall be at the expense of Novelis and all registrations shall be the responsibility of Novelis. Nothing contained in this Agreement shall be interpreted to oblige any party to do anything more than apply its commercially reasonable best efforts (without material expense to it) to obtain any consent, approval or registration which may be required to give full effect to the terms and conditions hereof. Similarly, no party shall be obliged to convey any rights or do any other thing which would cause it to be in breach of any legal or contractual obligation.

15.0 NOTICES

Any notice, consent or other instrument required or permitted to be given by one party to the other party hereunder shall be in writing and shall be delivered or sent by first class mail or telefax and shall be deemed received five days following prepaid mailing or the next business day when telefaxed to the other party with receipt confirmation at the addresses set forth below;

To Novelis Novelis Inc.
Suite 3800
Royal Bank Plaza, South Tower
P. O. Box 84
200 Bay Street
Toronto, Ontario, Canada M5J 2Z4

Fax: (416) 216-3930
Attention: President

To Licensee Alcan International Limited
1188 Sherbrooke Street West
Montreal, Quebec, Canada H3A 3G2

Fax: (514) 848-1535
Attention: Company Secretary

In all cases with copy to:
Alcan Inc.
1188 Sherbrooke Street West
Montreal, Quebec, Canada H3A 3G2

Fax: (514) 848-8555
Attention: Company Secretary

Either party may change the notice address by giving written notice to the other party. If sent by telefax, a confirming copy of such shall be sent by regular mail to the addressee.

16.0 ASSIGNMENT

16.1 This Agreement shall not be assignable, in whole or in part, directly or indirectly, by any party hereto without the prior written consent of the other party, and any attempt to assign any rights or obligations under this Agreement without such consent shall be null and void and deemed to be in breach hereof.

16.2 Notwithstanding the preceding Section 16.1, this Agreement may be assigned (i) by Alcanint to any Alcan Group Company and (ii) by either party in whole in connection with a merger or consolidation or the sale of all or substantially all of the assets of such party, or (iii) by Licensee in part in connection with a sale or other divestiture of a subsidiary, plant or business unit whose field of activity is principally related to the portion of Licensee's business that licenses and makes actual use of the Licensed Novelis Technology under this Agreement; provided, however, that such assignee must expressly agree in writing to be bound by the terms and conditions of this Agreement.

17.0 INDEMNIFICATION

17.1 Licensee shall indemnify, defend and hold harmless Novelis and its Affiliates and their respective directors and officers (the "NOVELIS INDEMNITEES") from and against any and all losses incurred or suffered by any of the Novelis Indemnitees arising out of the use of any Licensed Novelis Technology by Licensee or its customers.

17.2 If any Novelis Indemnitee determines that it is or may be entitled to indemnification by any party (the "INDEMNIFYING PARTY"), under this Article 17.0, (other than in connection with an action subject to Section 17.3), the Indemnified Party shall

deliver to the Indemnifying Party a written notice describing to the extent reasonably practicable, the basis for its claim for indemnification and the amount for which the Indemnified Party reasonably believes it is entitled to be indemnified. If the Indemnifying Party has not responded within 30 days after receipt of such notice, the Indemnified Party shall deliver a second notice to the Indemnifying Party within ten days of the expiration of the original 30 day period. Within 30 days after receipt of any second notice, the Indemnifying Party shall pay the Indemnified Party such amount in cash or other immediately available funds unless the Indemnifying Party objects to the claim for indemnification or the amount thereof.

17.3 Promptly following the earlier of (i) receipt of notice of the commencement of an action by a third party against or otherwise involving any indemnified party, or (ii) receipt of information from a third party alleging the existence of a claim against an Indemnified Party, in either case, with respect to which indemnification may be sought pursuant to this Agreement, (a "THIRD PARTY CLAIM"), the Indemnified Party shall give the Indemnifying Party written notice thereof. The failure of the Indemnified Party to give notice as provided in this Article 17.0 shall not relieve the Indemnifying Party of its obligations under this Agreement, except to the extent that the Indemnifying Party is prejudiced by such failure to give notice. Within 30 days after receipt of such notice, the Indemnifying Party may (i) by giving written notice thereof to the Indemnified Party, acknowledge liability for such indemnification claim and at is option elect to assume the defence of such Third Party Claim at its sole cost and expense or (ii) object to the claim for indemnification set forth in the notice delivered by the Indemnified Party pursuant to the first sentence of this Section 17.3; provided that if the Indemnifying Party does not within such 30 day period give the Indemnified Party written notice objecting to such indemnification claim and setting forth the grounds therefor, the Indemnified Party shall give the Indemnifying Party an additional notice of its claim for indemnification and if the Indemnifying Party does not give the Indemnified Party written notice objecting to such claim within ten days after receipt of such notice the Indemnifying Party shall be deemed to have acknowledged its liability for such indemnification claim. If the Indemnifying Party has elected to assume the defence of a Third Party Claim, (x) the defence shall be conducted by counsel retained by the Indemnifying Party and reasonably satisfactory to the Indemnified Party, provided that the Indemnified Party shall have the right to participate in such proceedings and to be represented by counsel of its own choosing at the Indemnified Party's sole cost and expense; and (y) the Indemnifying Party may settle or compromise the third Party claim without the prior written consent of the Indemnified Party so long as such settlement includes and unconditional release of the Indemnified Party from all claims that are the subject of such Third Party Claim, provided the Indemnifying Party may not agree to any such settlement pursuant to which any remedy or relief, other than money damages for which the Indemnifying Party shall be responsible hereunder, shall be applied to or against the Indemnified Party, without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld. If the Indemnifying Party does not assume the defence of a Third Party Claim for which it has acknowledged liability for indemnification hereunder, the Indemnified Party may require the Indemnifying Party to reimburse it on a current basis for its reasonable expenses of defending against such Third Party Claim and the Indemnifying party shall be bound by the result obtained with respect thereto by the Indemnified Party; provided that the Indemnifying Party shall not be liable for any settlement effected without its consent, which consent shall not be

unreasonably withheld. The Indemnifying Party shall pay to the Indemnified Party in cash the amount, if any, for which the Indemnified Party is entitled to be indemnified hereunder within 15 days after such Third Party Claim has been finally determined, or in the case of an indemnity claim as to which the Indemnifying Party has not acknowledged liability, within 15days after such Indemnifying Party's objection to liability hereunder has been finally determined.

17.4 If for any reason the indemnification provided for in Section 17.1 is unavailable to an Indemnified Party, or insufficient to hold it harmless, then the Indemnifying Party shall contribute to the amount paid or payable to such Indemnified Party as a result of such losses in such proportion as is appropriate to reflect all relevant equitable considerations.

17.5 The remedies provided for in this Article 17.0 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

18.0 ENTIRE AGREEMENT, AMENDMENTS, ETC.

18.1 This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions whether oral or written of the parties, and there are no representations, warranties or conditions expressed or implied or otherwise between the parties in connection with the subject matter hereof, except as specifically set forth herein. No amendment to the terms and conditions hereof or waiver in respect thereto shall be binding unless it is in writing and signed by duly authorised representatives of both parties.

18.2 Notwithstanding the foregoing, a breach by any party of its obligations under the Principal Intellectual Property Agreement shall be deemed to be a default under this Agreement

18.3 Nothing in this Agreement shall be interpreted so as to permit either party to do anything which would be prohibited by the Principal Intellectual Property Agreement. In the event of any conflict between this Agreement and the Principal Intellectual Property Agreement, the latter two shall be paramount.

19.0 DISPUTE RESOLUTION

20.0 THE MASTER AGREEMENT WITH RESPECT TO DISPUTE RESOLUTION, EFFECTIVE ON THE EFFECTIVE DATE, AMONG ALCANINT, NOVELIS AND OTHER PARTIES THERETO SHALL GOVERN ALL DISPUTES, CONTROVERSIES OR CLAIMS (WHETHER ARISING IN CONTRACT, DELICT, TORT OR OTHERWISE) BETWEEN THE PARTIES THAT MAY ARISE OUT OF, OR RELATE TO, OR ARISE UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (INCLUDING ALL ACTIONS TAKEN IN FURTHERANCE OF THIS AGREEMENT) OR THE COMMERCIAL OR ECONOMIC RELATIONSHIP OF THE PARTIES RELATING HERETO OR THERETO.MISCELLANEOUS

20.1 The division of this Agreement into sections, subsections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement.

20.2 The parties hereto have requested that this Agreement and all other documents, notices or written communications relating thereto, be in the English language.

20.3 The parties may amend this Agreement only by a written agreement signed by each party to be bound by the amendment and that identifies itself as an amendment to this Agreement.

20.4 Except as expressly stated to the contrary herein, the provisions of this Agreement are solely for the benefit of the parties and are not intended to confer upon any person except the parties any rights or remedies hereunder, and there are no third party beneficiaries of this Agreement, and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, claim of action or other right in addition to those existing without reference to this Agreement.

21.0 GOVERNING LAW

Recognizing the numerous jurisdictions associated with this Agreement and the activities contemplated by it, the parties agree that this Agreement shall be governed, construed and interpreted according to the laws of the Province of Quebec, Canada without the application of the provisions relating to the conflict of laws. Any provision in this Agreement prohibited by law or by court decree shall be ineffective to the extent of such prohibition without in any way invalidating or affecting the remaining provisions of this Agreement, and this Agreement shall be construed as if such prohibited provision had never been contained herein. Novelis and Licensee hereby agree, however, to negotiate an equitable amendment of this Agreement if a material provision is adversely affected.

IN WITNESS WHEREOF duly authorised representatives of the parties hereto have signed duplicate copies of this Agreement.

NOVELIS INC.	ALCAN INTERNATIONAL LIMITED
Per: /s/ Brian W. Sturgell	Per: /s/ David McAusland

EXECUTION COPY

Exhibit 10.10

MASTER METAL HEDGING AGREEMENT

between

ALCAN INC.

and

NOVELIS INC.

DATED JANUARY 5, 2005, WITH EFFECT AS OF THE EFFECTIVE DATE

TABLE OF CONTENTS

THIS MASTER METAL HEDGING AGREEMENT entered into in the City of Montreal, Province of Quebec, is dated January 5, 2005, with effect as of the Effective Date.

BETWEEN: ALCAN INC., a corporation organized under the Canada Business Corporations Act ("ALCAN");

AND: NOVELIS INC., a corporation incorporated under the Canada Business Corporations Act ("NOVELIS").

RECITALS:

WHEREAS Alcan and Novelis have entered into a Separation Agreement pursuant to which the Parties (as defined hereinafter) set out the terms and conditions relating to the separation of the Separated Businesses from the Remaining Alcan Businesses (each as defined therein), such that the Separated Businesses are to be held, as at the Effective Time (as defined therein), directly or indirectly, by Novelis (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS the Separated Businesses held by Novelis include the manufacture of rolled aluminum.

WHEREAS Alcan supplies to Novelis and other members of Novelis Group (as defined hereinafter) aluminum pursuant to certain Metal Supply Agreements constituting Ancillary Agreements to the Separation Agreement.

WHEREAS certain third-party customers of Novelis may request fixed price arrangements from time to time for the purchase of aluminum products from Novelis.

WHEREAS Novelis wishes to hedge these price arrangements with third party customers from fluctuations in the price of aluminum through fixed forward pricing arrangements.

AND WHEREAS, Alcan is prepared to provide hedging services to Novelis in accordance with the terms and conditions of this Agreement in respect of Transactions (as defined herein), with Alcan and Novelis acting both as principals under such Transactions.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions. For the purposes of this Agreement the following terms and expressions and variations thereof shall, unless another meaning is clearly required in the context, have the meanings specified or referred to in this Section 1.1:

"AFFILIATE" of any Person means any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such first Person as of the date on which or at any time during the period for when such determination is being made. For purposes of this definition, "CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person,

whether through the ownership of voting securities or other interests, by contract or otherwise, and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AGREEMENT" means this Master Metal Hedging Agreement, including all of the Schedules and Exhibits hereto.

"AGREEMENT EFFECTIVE DATE" means the effective date of the Separation Agreement as defined therein.

"ALCAN GROUP" means Alcan and its Subsidiaries from time to time after the Effective Time.

"APPLICABLE LAW" means any applicable law, statute, rule or regulation of any Governmental Authority or any outstanding order, judgment, injunction, ruling or decree by any Governmental Authority.

"BUSINESS CONCERN" means any corporation, company, limited liability company, partnership, joint venture, trust, unincorporated association or any other form of association.

"BUSINESS DAY" means any day excluding (i) Saturday, Sunday and any other day which, in the City of Montreal (Canada) or in the City of New York (United States) is a legal holiday or (ii) a day on which banks are required or authorized by Applicable Law to close in the City of Montreal (Canada) or in the City of New York (United States).

"BUYER" means Novelis Inc. or such other member of Novelis Group as may be authorized from time to time to enter into Transactions as Buyer.

"CET" means Central European Time.

"COMMERCIALLY REASONABLE EFFORTS" means the efforts that a reasonable and prudent Person desirous of achieving a business result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible in the context of commercial relations of the type envisaged by this Agreement; provided, however, that an obligation to use Commercially Reasonable Efforts under this Agreement does not require the Person subject to that obligation to assume any material obligations or pay any material amounts to a Third Party or take actions that would reduce the benefits intended to be obtained by such Person under this Agreement.

"COMMODITY" shall mean aluminum metal.

"CONFIRMATION" means a written notice provided by Alcan to Novelis, specifying the information indicated in Section 2, as applicable.

"CONSENT" means any approval, consent, ratification, waiver or other authorization.

"DEFAULTING PARTY" has the meaning set forth in Section 9.1.

"DETERMINATION DATE" shall mean the last date of the relevant Determination Period, being the date on which the Settlement Amount for such Determination Period is calculated.

"DETERMINATION PERIOD" shall mean, in respect of any Transaction (i) for the first Determination Period, the period from and including the Effective Date to and including the first Determination Date, and (ii) for each subsequent Determination Period, the period from but excluding the Determination Date of the immediately prior Determination Period, to and including the next subsequent Determination Date, and the last day of the final Determination Period shall be the Termination Date, such Determination Period or Periods being defined in the Confirmation.

"DOLLARS" or "$" means, except where otherwise expressly indicated, the lawful currency of the United States of America.

"EFFECTIVE DATE" shall mean the date specified as such in the Confirmation by the Parties, which date is the first date of the first Determination Period.

"EFFECTIVE TIME" means 12:01 a.m. Montreal time on the Effective Date.

"EST" means Eastern Standard Time or, as applicable, Eastern Daylight Savings Time.

"EVENT OF DEFAULT" has the meaning set forth in Section 9.1.

"FIXED PRICE", in respect of any Transaction, has the meaning specified in the relevant Confirmation.

"GOVERNMENTAL AUTHORITY" means any court, arbitration panel, governmental or regulatory authority, agency, stock exchange, commission or body.

"GOVERNMENTAL AUTHORIZATION" means any Consent, license, certificate, franchise, registration or permit issued, granted, given or otherwise made available by, or under the authority of, any Governmental Authority or pursuant to any Applicable Law.

"LIABILITIES" has the meaning set forth in the Separation Agreement.

"LME" means the London Metal Exchange.

"MARKET DISRUPTION EVENT" has the meaning specified in Section 7.4 (c) of the 2000 Supplement to the 1993 Commodity Derivatives Definitions. published in 2000 by the International Swaps and Derivatives Association, Inc..

"NOVELIS GROUP" means Novelis and its Subsidiaries from time to time after the Effective Time.

"OHS SYSTEM" means the on-line hedging system used by Novelis.

"PARTY" means each of Alcan and Novelis, as a party to this Agreement and "PARTIES" means both of them.

"PERSON" means any individual, Business Concern or Governmental Authority.

"PRICE", in respect of any Transaction, has the meaning specified in the relevant Confirmation.

"QUANTITY", in respect of any Transaction, has the meaning specified in the relevant Confirmation.

"REFERENCE MARKET-MAKERS" means three leading dealers in the market of the Commodity selected by the Parties in good faith.

"REFERENCE PRICE", in respect of any Transaction, has the meaning specified in the relevant Confirmation.

"REPLACEMENT TRANSACTION" has the meaning set forth in Section 7.3.

"SELLER" means Alcan Inc.

"SEPARATION AGREEMENT" has the meaning set out in the Preamble to this Agreement.

"SETTLEMENT AMOUNT" of any Swap shall have the meaning attributed to it in Section 3.2.

"SETTLEMENT DATE" with respect to Swaps, shall mean the second Business Day next succeeding the last Trading Day of a Determination Period.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person.

"SUPPLIER" means Alcan Inc.

"SWAP" means a Commodity swap based on fixed and floating prices using a Reference Price or index for an agreed Quantity of a Commodity.

"TERM" has the meaning set forth in Section 1.4.

"TERMINATING PARTY" has the meaning set forth in Section 9.1.

"TERMINATION DATE", in respect of any Transaction, has the meaning specified in the relevant Confirmation.

"THIRD PARTY" means a Person that is not a Party to this Agreement, other than a member of Alcan Group or a member of Novelis Group, and that is not an Affiliate of this Group.

"THIRD PARTY CLAIM" has the meaning set forth in the Separation Agreement.

"TRADING DAY" means each day during a Determination Period for which a Reference Price would, under normal circumstances, be determinable.

"TRANSACTION" means any Swap between Buyer and Seller entered into pursuant to this Agreement.

"TRANSACTION DATE" means the date specified as such in the Confirmation by the Parties, which date is the date on which the Parties enter into a Transaction.

1.2 Currency. Unless specified otherwise, all references to currency herein and in any Confirmations are to US Dollars.

1.3 Effectiveness. This Agreement shall come into full force and effect on the Agreement Effective Date.

1.4 Term. The term of this Agreement (the "TERM") shall commence on the Agreement Effective Date and shall expire on ***. This Agreement shall remain in effect in respect of Transactions entered into on or prior ***, provided that no Transaction hereunder shall have a Determination Date later than ***.

1.5 Termination. This Agreement shall terminate:

(a) upon expiry of the Term;

(b) upon the mutual agreement of the Parties prior to the expiry of the Term;

(c) pursuant to Section 7.2 as a result of a Market Disruption Event; or

(d) upon the occurrence of an Event of Default, in accordance with Section 9.

2. CONFIRMATIONS

2.1 Pursuant to a request from Novelis or another authorized member of Novelis Group to Alcan through the OHS System, by telephone, fax or e-mail, the Parties may enter into Transactions from time to time in accordance with the provisions of this Agreement.

2.2 The specific terms and conditions of each Transaction shall be set forth in a Confirmation. Each Confirmation shall be delivered by Alcan to the relevant member of Novelis Group no later than the end of the first Business Day following the Transaction Date in respect of each Transaction, and shall be deemed conclusive unless objected to in writing by the relevant member of Novelis Group within two Business Days of the date of such Confirmation. The Confirmation, together with the terms and conditions of this Agreement, shall constitute the terms and conditions of such Transaction. In the event of a conflict between a Confirmation and this Agreement, the terms of the Confirmation shall govern the Transaction.

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

2.3 For each Swap, the relevant Confirmation shall specify:

(a) the Buyer and the Seller;

(b) the Commodity;

(c) the Quantity;

(d) the Fixed Price;

(e) the Reference Price;

(f) the Transaction Date;

(g) the Determination Period or Periods;

(h) the Termination Date; and

(i) any other specific terms as agreed by the Parties.

2.4 Novelis may, from time to time, by notice to Alcan, propose that one or more other members of Novelis Group be authorized by Alcan to enter into Transactions as Buyer hereunder. Alcan shall not unreasonably withhold its authorization, which authorization shall be deemed given if Alcan issues a Confirmation naming such member of Novelis Group as Buyer. Novelis hereby unconditionally guarantees to Alcan the full and timely performance of all obligations of each other member of Novelis Group under all Transactions.

2.5 There shall be no obligation for Alcan to enter into any Transactions with Novelis other than Swaps, nor shall there be any obligation for Alcan to deal in any Commodity other than aluminum metal.

3. CALCULATION OF SETTLEMENT AMOUNTS

3.1 If the Fixed Price exceeds the Reference Price in a Determination Period, the Buyer shall pay to the Seller the Settlement Amount for such Determination Period and if the Reference Price exceeds the Fixed Price in a Determination Period, the Seller shall pay to the Buyer the Settlement Amount for such Determination Period.

3.2 The Settlement Amount for each Determination Period shall be equal to the product of (i) the difference between the Fixed Price and the Reference Price on the relevant Determination Date and (ii) the Quantity. The Settlement Amount for each Determination Period shall be paid to the Seller or the Buyer, as the case may be, on the Settlement Date with respect to such Determination Period.

4. PAYMENT

4.1 Novelis shall pay to Alcan an administrative fee in the amount of US$1 for each tonne of Commodity referenced in a Confirmation. Such administrative fee shall be paid on the

Second Business Day in each calendar month in respect of all Confirmations issued during the immediately preceding calendar month.

4.2 All payments under Section 3.2, and all payments to Alcan under Section 4.1, shall be paid to the recipient by wire transfer to the account specified by notice from the recipient to the other Party from time to time.

4.3 If (i) the Payment Dates for two or more Transactions shall fall on the same day and (ii) each Party is required to pay an amount under such Transactions, then such amounts with respect to each Party shall be aggregated and the Party obligated to pay the larger aggregate amount will be obligated to pay on the Payment Date to the other Party the excess of the larger aggregate amount over the smaller aggregate amount.

5. NOVELIS OBLIGATIONS

5.1 Novelis hereby undertakes to obtain quotations for services hereunder from Alcan prior to entering into forward price agreements with third-party customers.

5.2 Novelis hereby undertakes to enter into Transactions hereunder, and to cause each relevant member of Novelis Group to enter into Transactions hereunder, only as principal and pursuant to back-to-back agreements with third-party customers. In no event shall Novelis or any other member of Novelis Group enter into Transactions hereunder for speculative purposes.

5.3 Novelis undertakes to give Alcan access to the OHS System as and when requested by Alcan.

5.4 Novelis hereby undertakes to:

5.4.1 maintain detailed records of all contracts with third-party customers and to make the details of such contracts available to Alcan upon request;

5.4.2 maintain detailed records of all Transactions with Alcan;

5.4.3 sign and return each Confirmation received from Alcan within two Business Days of its issuance; and

5.4.4 provide a certificate on the first day of each calendar quarter, signed by the Chief Executive Officer and Chief Financial Officer of Novelis, certifying compliance by Novelis and each member of its group with their respective obligations hereunder, including those set forth in this Article 5, and under each of their material agreements for the borrowing of money.

5.5 Novelis hereby acknowledges that the service provided herein will only be available if market conditions allow it.

6. ALCAN'S OBLIGATIONS

6.1 Alcan hereby undertakes to provide quotations hereunder to Novelis in a timely manner and to that effect have employees available for quotations and Transactions between 8:30 a.m. CET and 4:00 p.m. EST on days LME is open for business.

6.2 On or about the 15th day of each month, Alcan will send to Novelis by e-mail or fax the list of Transactions to be unwound in the current month. Such list will include the name of the appropriate Novelis Group member, the Quantity hedged, the Reference Price and any other information agreed by the Parties.

6.3 At the latest on the second Business Day following receipt by Novelis of the list mentioned in Section 6.2, Novelis shall confirm that the information provided is in line with Novelis' position and, if necessary, will identify all discrepancies. If Novelis does not respond to the list as contemplated herein, it shall be deemed to have approved said list.

6.4 On or about the last Business Day of each month, Alcan will send to the Novelis Shared Service Centre, in Goettingen (Germany) an Excel spread sheet setting forth the calculation of the positions to be unwound with respect to each Novelis Group member. In the absence of manifest errors, all calculations made by Alcan shall be final and conclusive evidence of the amounts payable by Novelis.

7 VOLUME LIMITS AND MARKET DISRUPTION

7.1 The Parties hereby agree that notwithstanding any other terms and conditions of this Agreement, they shall enter into Transactions hereunder in respect of no more than ***metric tonnes of aluminum in the aggregate over the Term of the Agreement.

7.2 If Alcan determines in good faith that a Market Disruption Event has occurred, Alcan may, by notice to Novelis, cause all outstanding Transactions to be terminated immediately and settled on the basis of quotations from Reference Market-makers.

7.3 Each quotation referred to in Section 7.2 will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party and the quoting Reference Market-maker to enter into a transaction (the "REPLACEMENT TRANSACTION") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) in respect of such terminated Transactions. For this purpose, unpaid amounts in respect of the terminated Transactions are to be excluded but, without limitation, any payment or delivery that would have been required (assuming satisfaction of each applicable condition precedent) after that early

- ----------

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

termination date is to be included. The Replacement Transaction shall be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree upon. Alcan will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant early termination date. The day and time as of which those quotations are to be obtained will be selected in good faith by Alcan. The market quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded.

7.4 Any amount payable by one party to the other following the quotations process contemplated by Section 7.3 above shall be paid no later than the second Business Day following the completion of said quotations process.

8 ASSIGNMENT

No Party shall assign or transfer this Agreement, in whole or in part, or any interest or obligation arising under this Agreement, without the prior written consent of the other Party, which consent may be granted or withheld in such Party's sole discretion.

9 TERMINATION

9.1 This Agreement may be terminated in its entirety immediately at the option of a Party (the "TERMINATING PARTY"), in the event that an Event of Default occurs in relation to another Party (the "DEFAULTING PARTY"), and such termination shall take effect immediately upon the Terminating Party providing notice to the Defaulting Party of the termination.

For the purposes of this Agreement, each of the following shall individually and collectively constitute an "EVENT OF DEFAULT" with respect to a Party:

9.1.1 such Party defaults in payment of any payments which are due and payable by it pursuant to this Agreement, and such default is not cured within thirty (30) days following receipt by the Defaulting Party of notice of such default;

9.1.2 such Party breaches any of its material obligations pursuant to this Agreement (other than as set out in paragraph 9.1.1 above), and fails to cure it within thirty (30) days after receipt of notice from the Terminating Party specifying the default in reasonable detail and demanding that it be rectified, provided that if such breach is not capable of being cured within thirty (30) days after receipt of such notice and the Defaulting Party has diligently pursued efforts to cure the default within the thirty (30) day period, no Event of Default under this paragraph 9.1.2 shall occur;

9.1.3 such Party breaches any representation or warranty, or fails to perform or comply with any covenant, provision, undertaking or obligation in or of the Separation Agreement; or

9.1.4 such Party (i) is bankrupt or insolvent or takes the benefit of any statute in force for bankrupt or insolvent debtors, or (ii) files a proposal or takes any action or proceeding

before any court of competent jurisdiction for its dissolution, winding-up or liquidation, or for the liquidation of its assets, or a receiver is appointed in respect of its assets, which order, filing or appointment is not rescinded within sixty (60) days.

9.2 As at the date specified in the notice given by the Terminating Party, all outstanding Transactions shall be terminated and the amounts payable by Novelis shall be determined and paid in accordance with Sections 7.2 and 7.3 mutatis mutandis.

10 DISPUTE RESOLUTION

The Master Agreement with Respect to Dispute Resolution, effective on the Agreement Effective Date, among the Parties and other parties thereto shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby), or the commercial or economic relationship of the Parties relating hereto or thereto.

11 MISCELLANEOUS

11.1 Construction. The rules of construction and interpretation set forth in Section 16.04 of the Separation Agreement shall apply to this Agreement.

11.2 Confidentiality: The exchange of information and confidentiality provisions set forth in Article XI of the Separation Agreement shall apply to this Agreement (as if such Article was set out in full herein).

11.3 Payment Terms. Save as expressly provided in Sections 2, 3, 4 and 6 and unless otherwise indicated, any amount to be paid or reimbursed by one Party to the other under this Agreement, shall be paid or reimbursed hereunder within thirty (30) days after presentation of an invoice or a written demand therefor and setting forth, or accompanied by, reasonable documentation or reasonable explanation supporting such amount.

11.4 Notices. Except as provided for in Section 2.1, all notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given (a) on the date of delivery if delivered personally, (b) on the first Business Day following the date of dispatch if delivered by a nationally recognized next-day courier service, (c) on the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid or (d) if sent by facsimile transmission, when transmitted and receipt is confirmed by telephone. All notices hereunder shall be delivered as follows:

IF TO ALCAN, TO:

Alcan Inc.
1188 Sherbrooke Street West
Montreal, Quebec
H3A 3G2

Fax: (514) 848-8115
Attention: Chief Legal Officer

IF TO NOVELIS, TO:

Novelis Inc.
Suite 3800
Royal Bank Plaza, South Tower
P.O. Box 84
200 Bay Street
Toronto, Ontario
M5J 2Z4

Fax: (416) 216-3930
Attention: Chief Executive Officer

Any Party may, by notice to the other Party, change the address or fax number to which such notices are to be given.

11.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

11.6 Entire Agreement. This Agreement and the exhibits, schedules, annexes and appendices hereto and the specific agreements contemplated herein, contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties with respect to the subject matter hereof other than those set forth or referred to herein.

11.7 Conflicts. In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail. In case of any conflict or inconsistency between the terms and conditions of this Agreement and the terms of any Confirmation, the provisions of the Confirmation shall prevail.

11.8 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of

the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

11.9 Survival. The obligations of the Parties under Sections 7, 10 and 11 and liability for the breach of any obligation contained herein shall survive the expiration or earlier termination of this Agreement.

11.10 Execution in Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

11.11 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

11.12 Waivers. No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by Applicable Law.

11.13 No Partnership. Nothing contained herein or in the Agreement shall make a Party a partner of any other Party and no Party shall hold out the other as such.

11.14 Limitations of Liability. Except as otherwise provided herein, neither Party shall be liable to the other Party for any indirect, collateral, incidental, special, consequential or punitive damages arising in any way out of this Agreement; provided, however, that the foregoing limitations shall not limit any Party's indemnification obligations for Liabilities with respect to Third Party Claims as set forth in Article IX of the Separation Agreement, (as if such Article was set out in full herein by reference to the obligations of the Parties hereunder).

11.15 Language. The Parties hereto have required that this Agreement and all deeds, documents and notices relating hereto be written in English. Les parties aux presentes ont exige que le present contrat et tout autre acte, document et avis y afferant soient rediges en anglais.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties have caused this Master Metal Hedging Agreement to be executed by their duly authorized representatives.

ALCAN INC.

By: /s/ David McAusland

Name:

Title:

NOVELIS INC.

By: /s/ Brian W. Sturgell

Name:

Title:

Exhibit 10.11

$1,800,000,000

CREDIT AGREEMENT

DATED AS OF JANUARY 7, 2005

AMONG

NOVELIS INC.

NOVELIS CORPORATION

NOVELIS DEUTSCHLAND GMBH

NOVELIS UK LIMITED

NOVELIS AG

AS BORROWERS

AND

THE LENDERS AND ISSUERS PARTY HERETO

AND

CITICORP NORTH AMERICA, INC.

AS ADMINISTRATIVE AGENT AND COLLATERAL AGENT

AND

MORGAN STANLEY SENIOR FUNDING, INC. UBS SECURITIES LLC

AS CO-SYNDICATION AGENTS

AND

CITIGROUP GLOBAL MARKETS INC. MORGAN STANLEY SENIOR FUNDING, INC. UBS SECURITIES LLC

AS JOINT LEAD ARRANGERS AND JOINT BOOK-RUNNING MANAGERS

WEIL, GOTSHAL & MANGES LLP
767 FIFTH AVENUE
NEW YORK, NEW YORK 10153-0119

CREDIT AGREEMENT, dated as of January 7, 2005, among NOVELIS INC., a corporation organized under the Canada Business Corporations Act (the "Company" or the "Canadian Borrower"), NOVELIS CORPORATION, a Texas corporation (the "U.S. Borrower"), NOVELIS DEUTSCHLAND GMBH, a limited liability company (GmbH) organized under the laws of Germany (the "German Borrower"), NOVELIS UK LIMITED, a limited company organized under the laws of England and Wales with registered number 00279596 (the "U.K. Borrower"), NOVELIS AG, a stock corporation (AG) organized under the laws of Switzerland (the "Swiss Borrower" and, together with the Canadian Borrower, the U.S. Borrower, the German Borrower and the U.K. Borrower, the "Borrowers"), the Lenders (as defined below), the Issuers (as defined below) and CITICORP NORTH AMERICA, INC. ("Citicorp"), as administrative agent and collateral agent for the Lenders and the Issuers (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, the Borrowers have requested that the Lenders and Issuers make available, for the purposes specified in this Agreement, credit facilities consisting of term loans, revolving credit advances and letters of credit; and

WHEREAS, the Lenders and Issuers are willing to make available to the Borrowers such credit facilities upon the terms and subject to the conditions set forth herein;

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

ARTICLE I

DEFINITIONS, INTERPRETATION AND ACCOUNTING TERMS

SECTION 1.1 DEFINED TERMS

As used in this Agreement, the following terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account" has the meaning given to such term in the UCC.

"Adjusted EBITDA" means, with respect to the Company, for any period, (a) EBITDA of the Company for such period; provided that, solely for purposes of calculating EBITDA of the Company under this clause (a), the Consolidated Net Income of the Company for such period shall (to the extent not otherwise included) include (i) 100% of the net income of each Joint Venture Subsidiary for such period less (ii) the amount of any dividends or distributions paid to the holder of any minority interest in such Joint Venture Subsidiary during such period, plus (b) the Company's proportional share of EBITDA of Norf GmbH for such period, as long as Norf GmbH is in compliance with the covenants set forth in Schedule VI (Norf Covenants), minus (c) $6,250,000 multiplied by the number of Fiscal Quarters during such period ended prior to the Closing Date.

"Administrative Agent" has the meaning specified in the preamble to this Agreement.

"Affected Lender" has the meaning specified in Section 2.17 (Substitution of Lenders).

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling or that is controlled by or is under common control with such Person, each officer, director, general partner or joint-venturer of such Person, and each Person that is the beneficial owner of 15% or more of any class of Voting Stock of such Person. For the purposes of this definition, "control" means the possession of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; provided, however, that Alcan shall not be deemed to be an Affiliate of the Company solely due to the terms of the Spin-Off Documents as in effect on the Closing Date.

"Agent Affiliate" has the meaning specified in Section 10.3 (Posting of Approved Electronic Communications).

"Agents" means the Administrative Agent and each Syndication Agent.

"Agreement" means this Credit Agreement.

"Agreement Currency" has the meaning specified in Section 11.12 (Submission to Jurisdiction; Service of Process).

"Alcan" means Alcan Inc., a corporation organized under the Canada Business Corporations Act.

"Alternative Currency" means any lawful currency other than Dollars that is freely transferable into Dollars.

"Applicable Lending Office" means, with respect to each Lender, (a) its U.S. Lending Office in the case of a U.S. Base Rate Loan, (b) its European Lending Office in the case of a Eurocurrency Rate Loan and (c) its Canadian Lending Office in the case of a Canadian Dollar Loan.

"Applicable Margin" means:

(a) with respect to Term Loans maintained as (i) Base Rate Loans, a rate equal to 0.75% per annum and (ii) Eurocurrency Rate Loans, a rate equal to 1.75% per annum; and

(b) (i) during the period commencing on the Closing Date and ending on the later of (A) (1) if the Senior Unsecured Facility is not funded, the date on which the commitments with respect to the Senior Unsecured Facility under the Senior Unsecured Credit Agreement are terminated pursuant to the terms thereof or (2) if the Senior Unsecured Facility is funded, the date on which all obligations under the Senior Unsecured Facility have been repaid or refinanced (or exchanged for Senior Unsecured Fixed Rate Exchange Securities) in full and (B) the first date on which the Administrative Agent is in receipt of Financial Statements for a full Fiscal Quarter ending on September 30, 2005 required to be delivered pursuant to Section 6.1(a) (Financial Statements), with respect to Revolving Loans and Swing Loans maintained as (A) Base Rate Loans, a rate

equal to 1.00% per annum and (B) as Eurocurrency Rate Loans or BA Rate Loans, a rate equal to 2.00% per annum; and

(ii) thereafter with respect to Revolving Loans, as of any date of determination, a per annum rate equal to the rate set forth below opposite the then applicable Leverage Ratio (determined on the last day of the most recent Fiscal Quarter for which Financial Statements have been delivered pursuant to Section 6.1(a) or (b) (Financial Statements)) set forth below:

LEVERAGE RATIO	BASE RATE LOANS	EUROCURRENCY RATE OR BA RATE LOANS
Greater than or equal to 5.0 to 1	1.25%	2.25%
Less than 5.0 to 1 and equal to or greater than 4.0 to 1	1.00%	2.00%
Less than 4.0 to 1 and equal to or greater than 3.0 to 1	0.75%	1.75%
Less than 3.0 to 1	0.50%	1.50%

in each case, as the rates set forth in clauses (a) and (b) above may be increased from time to time pursuant to Section 7.15 (Post-Closing Covenants). Changes in the Applicable Margin resulting from a change in the Leverage Ratio on the last day of any subsequent Fiscal Quarter shall become effective as to all Revolving Loans and Swing Loans upon delivery by the Company to the Administrative Agent of new Financial Statements pursuant to Section 6.1(a) or (b) (Financial Statements), as applicable. Notwithstanding anything to the contrary set forth in this Agreement (including the then effective Leverage Ratio), if the Company shall fail to deliver such Financial Statements within any of the time periods specified in Section 6.1(a) or (b) (Financial Statements), the Applicable Margin from and including the 46th day after the end of such Fiscal Quarter or the 91st day after the end of such Fiscal Year, as the case may be, to but not including the date the Company delivers to the Administrative Agent such Financial Statements shall equal the highest possible Applicable Margin provided for by this definition.

"Applicable Unused Commitment Fee Rate" means (a) during the period commencing on the Closing Date and ending on the later of (i) (A) if the Senior Unsecured Facility is not funded, the date on which the commitments with respect to the Senior Unsecured Facility under the Senior Unsecured Credit Agreement are terminated pursuant to the terms thereof or (B) if the Senior Unsecured Facility is funded, the date on which all obligations under the Senior Unsecured Facility have been repaid or refinanced (or exchanged for Senior Unsecured Fixed Rate Exchange Securities) in full and (ii) the first date on which the Administrative Agent is in receipt of Financial Statements for a full Fiscal Quarter ending on September 30, 2005 required to be delivered pursuant to Section 6.1(a) (Financial Statements), 0.50% per annum and (b) thereafter, as of any date of determination, a per annum rate equal to the rate set forth below opposite the then applicable Leverage Ratio (determined on the last day of the most recent Fiscal Quarter for which Financial Statements have been delivered pursuant to Section 6.1(a) or (b) (Financial Statements)) set forth below:

LEVERAGE RATIO	APPLICABLE UNUSED COMMITMENT FEE RATE
Greater than or equal to 3.0 to 1	0.500%
Less than 3.0 to 1	0.375%

Changes in the Applicable Unused Commitment Fee Rate resulting from a change in the Leverage Ratio on the last day of any subsequent Fiscal Quarter shall become effective upon delivery by the Company to the Administrative Agent of new Financial Statements pursuant to Section 6.1(a) or (b) (Financial Statements), as applicable. Notwithstanding anything to the contrary set forth in this Agreement (including the then effective Leverage Ratio), if the Company shall fail to deliver such Financial Statements within any of the time periods specified in Section 6.1(a) or (b) (Financial Statements), the Applicable Unused Commitment Fee Rate from and including the 46th day after the end of such Fiscal Quarter or the 9lst day after the end of such Fiscal Year, as the case may be, to but not including the date the Company delivers to the Administrative Agent such Financial Statements shall equal the highest possible Applicable Unused Commitment Fee Rate provided for in this definition.

"Approved Deposit Account" means a Deposit Account that is the subject of an effective Deposit Account Control Agreement and that is maintained by any Loan Party with a Deposit Account Bank. "Approved Deposit Account" includes all monies on deposit in a Deposit Account and all certificates and instruments, if any, representing or evidencing such Deposit Account.

"Approved Electronic Communications" means each notice, demand, communication, information, document and other material that any Loan Party is obligated to, or otherwise chooses to, provide to the Administrative Agent pursuant to any Loan Document or the transactions contemplated therein, including (a) any supplement, joinder or amendment to the Collateral Documents and any other written Contractual Obligation delivered or required to be delivered in respect of any Loan Document or the transactions contemplated therein and (b) any Financial Statement, financial and other report, notice, request, certificate and other information material; provided, however, that, "Approved Electronic Communication" shall exclude (i) any Notice of Borrowing, Letter of Credit Request, Swing Loan Request, Notice of Conversion or Continuation, and any other notice, demand, communication, information, document and other material relating to a request for a new, or a conversion of an existing, Borrowing, (ii) any notice pursuant to Section 2.8 (Optional Prepayments) and Section 2.9 (Mandatory Prepayments) and any other notice relating to the payment of any principal or other amount due under any Loan Document prior to the scheduled date therefor, (iii) all notices of any Default or Event of Default and (iv) any notice, demand, communication, information, document and other material required to be delivered to satisfy any of the conditions set forth in Article III (Conditions To Loans And Letters Of Credit) or Section 2.4(a) (Letters of Credit)or any other condition to any Borrowing or other extension of credit hereunder or any condition precedent to the effectiveness of this Agreement.

"Approved Electronic Platform" has the meaning specified in Section 10.3 (Posting of Approved Electronic Communications).

"Approved Fund" means any Fund that is advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or Affiliate of an entity that administers or manages a Lender.

"Approved Member States" means Belgium, France, Germany, Italy, Luxembourg, The Netherlands, Spain, Sweden and the United Kingdom.

"Approved Securities Intermediary" means a "securities intermediary" or "commodity intermediary" (as such terms are defined in the UCC) selected or approved by the Administrative Agent.

"Arrangers" means Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc. and UBS Securities LLC, in their capacities as joint lead arranger and joint book-running managers.

"Asset Sale" has the meaning specified in Section 8.4 (Sale of Assets).

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit A (Form of Assignment and Acceptance).

"Available Credit" means, at any time, with respect to (a) the U.S. Borrower, the Multi-Currency Available Credit, (b) the German Borrower, the Euro Available Credit and (c) the Canadian Borrower, the Canadian Dollar Available Credit.

"BA Interest Period" means, relative to any BA Rate Loan, the period beginning on (and including) the date on which such BA Rate Loan is made or continued to (but excluding) the date which is 30, 60 or 90 days thereafter, as selected by the Canadian Borrower.

"BA Rate" means, with respect to any BA Interest Period for any BA Rate Loan, (a) in the case of any Canadian Dollar Lender named in Schedule I of the Bank Act (Canada), the rate determined by the Administrative Agent to be the offered rate for bankers' acceptances for the applicable BA Interest Period appearing on Reuters Screen CDOR (Certificate of Deposit Offered Rate) page as of 10:00 a.m. (New York time) on the second full Business Day next preceding the first day of each BA Interest Period and (b) in the case of any other Canadian Dollar Lender, (i) the rate per annum set forth in clause (i) above plus (ii) 0.10%. In the event that such rate does not appear on the Reuters Screen CDOR (Certificate of Deposit Offered Rate) page (or otherwise on the Reuters screen), the BA Rate for the purposes of this definition shall be determined by reference to such other comparable publicly available service for displaying bankers' acceptance rates as may be selected by the Administrative Agent and, in the event that the CDOR rate is not available for any Business Day, the CDOR rate for the immediately previous Business Day for which a CDOR rate is available shall be used.

"BA Rate Loan" means a Loan that bears interest at a rate based on the BA Rate.

"Base Rate" means each of the U.S. Base Rate and the Canadian Base Rate.

"Base Rate Loan" means any U.S. Swing Loan or any other Loan during any period in which it bears interest based on a Base Rate.

"Borrowers" has the meaning specified in the preamble to this Agreement.

"Borrowing" means a Revolving Credit Borrowing or a Term Loan Borrowing.

"Business" means the aluminum rolled products business of Alcan contributed to the Company and its Subsidiaries in connection with the Spin-off.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City and if the applicable Business Day relates to notices, determinations, fundings and payments in connection with (a) the Eurocurrency Rate or any Eurocurrency Rate Loan, a day on which deposits of the applicable currency for such Loan are also carried on in the London interbank market, (b) the Canadian Base Rate, the BA Rate, the Canadian Base Rate Loan or the BA Rate Loan, a day of the year on which banks are not required or authorized to close in Toronto or Montreal, Canada and (c) any U.K. Swing Loan, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System, or any successor thereto, is scheduled to be open for business and banks are not required or authorized to close in London, England and in any other principal financial center as the Administrative Agent may from time to time determine for this purpose.

"Canadian Base Rate" means the rate determined by the Administrative Agent as the rate displayed at or about 10:30 a.m. (New York time) on display page CAPRIME of the Reuters Screen as the prime rate for loans denominated in Canadian Dollars by Canadian banks to borrowers in Canada; provided, however, that, in the event that such rate does not appear on the Reuters Screen on such day or if the basis of calculation of such rate is changed after the date hereof and, in the reasonable judgment of the Administrative Agent, such rate ceases to reflect each Canadian Lender's cost of funding to the same extent as on the date hereof, then the "Canadian Base Rate" shall be the average of the floating rate of interest per annum established (or commercially known) as "prime rate" for loans denominated in Canadian Dollars on such day by three major Canadian banks selected by the Administrative Agent.

"Canadian Base Rate Loan" means any Loan during any period in which it bears interest based on the Canadian Base Rate.

"Canadian Borrower" has the meaning specified in the preamble to this Agreement.

"Canadian Dollar" and "C$" each mean the lawful currency of Canada.

"Canadian Dollar Available Credit" means, at any time, (a) the then effective aggregate Canadian Dollar Commitments minus (b) the aggregate Canadian Dollar Outstandings at such time.

"Canadian Dollar Borrowing" means Canadian Dollar Loans made on the same day by the Canadian Dollar Lenders ratably according to their respective Canadian Dollar Commitments.

"Canadian Dollar Commitment" means, with respect to each Canadian Dollar Lender, the commitment of such Lender to make Canadian Dollar Loans in the aggregate principal amount outstanding not to exceed the amount set forth opposite such Lender's name on Schedule I (Commitments) under the caption "Canadian Dollar Commitment," as amended to reflect each Assignment and Acceptance executed by such Lender and as such amount may be reduced pursuant to this Agreement, and "Canadian Dollar Commitments" shall mean the aggregate Canadian Dollar Commitments of all Canadian Dollar Lenders, which amount, initially as of the Closing Date, shall be $50,000,000.

"Canadian Dollar Facility" means the Canadian Dollar Commitments and the provisions herein related to the Canadian Dollar Loans.

"Canadian Dollar Lender" means each Lender having a Canadian Dollar Commitment.

"Canadian Dollar Loan" has the meaning specified in Section 2.1 (The Commitments).

"Canadian Dollar Outstandings" means, at any particular time, the Dollar Equivalent of the aggregate principal amount of the Canadian Dollar Loans outstanding at such time.

"Canadian Lending Office" means, with respect to any Canadian Dollar Lender, the office of such Lender specified as its "Canadian Lending Office" opposite its name on Schedule II (Applicable Lending Offices and Addresses for Notices) or on the Assignment and Acceptance by which it became a Canadian Dollar Lender (or, if no such office is specified, its U.S. Lending Office) or such other office of such Lender as such Lender may from time to time specify to the Company and the Administrative Agent.

"Canadian Pension Plans" means all plans or arrangements which are considered to be pension plans for the purposes of any applicable pension benefits standards statute or regulation in Canada established, maintained or contributed to by a Borrower or any of its Subsidiaries for its employees or former employees.

"Canadian Term Commitment" means, with respect to each Canadian Term Lender, the commitment of such Lender to make Canadian Term Loans to the Canadian Borrower in the aggregate principal amount outstanding not to exceed the amount set forth opposite such Lender's name on Schedule I (Commitments) under the caption "Canadian Term Loan Commitment," as amended to reflect each Assignment and Acceptance executed by such Lender and as such amount may be reduced pursuant to this Agreement, and "Canadian Term Commitments" shall mean the aggregate Canadian Term Commitments of all Canadian Term Lenders, which amount, initially as of the Closing Date, shall be $475,000,000.

"Canadian Term Lender" means each Lender that has a Canadian Term Commitment or that holds a Canadian Term Loan.

"Canadian Term Loan" has the meaning specified in Section 2.1 (The Commitments).

"Capital Expenditures" means, for any Person for any period, the aggregate of amounts that should be reflected as additions to property, plant and equipment on a Consolidated balance sheet of such Person, excluding interest capitalized during construction and including, in the case of the Company, the Company's proportionate share of such amounts reflected as additions to property, plant and equipment on the Consolidated balance sheet of Norf GmbH.

"Capital Lease" means, with respect to any Person, any lease of, or other arrangement conveying the right to use, property by such Person as lessee that would be accounted for as a capital lease on a balance sheet of such Person prepared in conformity with GAAP.

"Capital Lease Obligations" means, with respect to any Person, the capitalized amount of all obligations under Capital Leases that should be reflected on a Consolidated balance sheet of such Person.

"Cash Collateral Account" means any Deposit Account or Securities Account that is (a) established by the Administrative Agent from time to time in its sole discretion to receive cash and Cash Equivalents (or purchase cash or Cash Equivalents with funds received) from the Loan Parties or Persons acting on their behalf pursuant to the Loan Documents, (b) with such depositaries and securities intermediaries as the Administrative Agent may determine in its sole discretion, (c) in the name of the Administrative Agent (although such account may also have words referring to any of the Borrowers and the account's purpose), (d) under the control of the Administrative Agent and (e) in the case of a Securities Account, with respect to which the Administrative Agent shall be the Entitlement Holder and the only Person authorized to give Entitlement Orders with respect thereto.

"Cash Equivalents" means (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 any state of the United States or the District of Columbia or any political subdivision or instrumentality thereof that, at the time of the acquisition, are rated the highest possible rating by S&P or Moody's, (c) certificates of deposit, eurocurrency time deposits, overnight bank deposits and bankers' acceptances of any commercial bank organized under the laws of 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, are rated at least "A-1" by S&P or "P-1" by Moody's, (d) commercial paper of an issuer rated at least "A-1" by S&P or "P-1" by Moody's, (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, Dollar Equivalent of which exceeds $500,000,000 and (iii) is rated at least "A-1" by S&P or "P-1" by Moody's; 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 clauses (a), (b) and (c) to the extent that such obligations have a credit rating equal to the sovereign rating of such jurisdiction.

"Cash Interest Expense" means, with respect to any Person for any period, the Interest Expense of such Person for such period less the Non-Cash Interest Expense of such Person for such period.

"Cash Management Document" means any certificate, agreement or other document executed by the Company or any of its Subsidiaries in respect of the Cash Management Obligations such Person.

"Cash Management Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person in respect of cash management services (including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other similar arrangements) provided after the date hereof by the Administrative Agent, any Lender or any Affiliate of any of them, including obligations for the payment of fees, interest, charges, advances, expenses, attorneys' fees and disbursements in connection therewith.

"Change of Control" means the occurrence of any of the following: (a) any person or group of persons (within the meaning of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) of more than 50% of the issued and outstanding Voting Stock of the Company or (b) during any period of twelve consecutive calendar months, individuals who, at the beginning of such period, constituted the board of directors of the Company (together with any new directors whose election by the board of directors of the Company or whose nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose elections or nomination for election was previously so approved) cease for any reason other than death or disability to constitute a majority of the directors then in office.

"Citibank" means Citibank, N.A., a national banking association.

"Citicorp" has the meaning specified in the preamble to this Agreement.

"Closing Date" means the first date on which any Loan is made or any Letter of Credit is Issued.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Collateral" means all property and interests in property and proceeds thereof now owned or hereafter acquired by any Loan Party in or upon which a Lien is granted under any Collateral Document.

"Collateral Documents" means any document executed and delivered by a the Company or any Subsidiary of the Company granting a Lien on any of its property to secure payment of (i) the Secured Obligations, including the documents set forth on Schedule 3.1-1 (Collateral Documents: Secured Obligations), and (ii) the Pledged Intercompany Notes, including the documents set forth on Schedule 3.1-2 (Collateral Documents: Pledged Intercompany Notes).

"Commitment" means, with respect to any Lender, such Lender's Revolving Credit Commitment, if any, and such Lender's Term Loan Commitment, if any, and "Commitments" means the aggregate Revolving Credit Commitments and Term Loan Commitments of all Lenders.

"Commitment Letter" means the letter dated as of November 22, 2004, addressed to Alcan Inc. from Citicorp, Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc., UBS Loan Finance LLC and UBS Securities LLC and accepted by Alcan on November 22, 2004, with respect to, among other things, the Senior Unsecured Facility.

"Commodity Account" has the meaning given to such term in the UCC.

"Company" has the meaning specified in the preamble to this Agreement.

"Company's Accountants" means PricewaterhouseCoopers LLP or other independent nationally-recognized public accountants acceptable to the Administrative Agent.

"Compliance Certificate" has the meaning specified in Section 6.1(c) (Compliance Certificate).

"Consolidated" means, with respect to any Person, the consolidation of accounts of such Person and its subsidiaries in accordance with GAAP.

"Consolidated Current Assets" means, with respect to any Person at any date, all assets of such Person and its Subsidiaries at such date that should be classified as current assets on a Consolidated balance sheet of such Person, but excluding cash and Cash Equivalents.

"Consolidated Current Liabilities" means, with respect to any Person at any date, all liabilities of such Person and its Subsidiaries at such date that should be classified as current liabilities on a Consolidated balance sheet of such Person, but excluding the sum of (a) the principal amount of any current portion of long-term Financial Covenant Debt and (b) (without duplication of clause (a) above) the then outstanding principal amount of the Loans.

"Consolidated Net Income" means, for any Person for any period, the Consolidated net income (or loss) of such Person and its Subsidiaries for such period; provided, however, that (a) the net income of any other Person (other than Norf GmbH, in the case of the Company) in which such Person or one of its Subsidiaries has a joint interest with a third party (which interest does not cause the net income of such other Person to be Consolidated into the net income of such Person) shall be included only to the extent of the amount of dividends or distributions paid to such Person or Subsidiary, (b) the net income of any Subsidiary of such Person that is subject to any restriction or limitation on the payment of dividends or the making of other distributions shall be excluded to the extent of such restriction or limitation, and (c) extraordinary gains and losses and any one-time increase or decrease to net income that is required to be recorded because of the adoption of new accounting policies, practices or standards required by GAAP shall be excluded.

"Constituent Documents" means, with respect to any Person, (a) the articles of incorporation, certificate of incorporation, constitution or certificate of formation (or the equivalent organizational documents) of such Person, (b) the by-laws, operating agreement (or the equivalent governing documents) of such Person, (c) any document setting forth the manner of election and duties of the directors or managing members of such Person (if any) and the designation, amount or relative rights, limitations and preferences of any class or series of such Person's Stock and (d) with respect to any Borrower or Guarantor organized under the laws of Canada or any jurisdiction therein, any unanimous shareholder agreement of such Borrower or Guarantor.

"Contaminant" means any material, substance or waste that is classified, regulated or otherwise characterized under any Environmental Law as hazardous, toxic, a contaminant or a pollutant or by other words of similar meaning or regulatory effect, including any petroleum or petroleum-derived substance or waste, asbestos and polychlorinated biphenyls.

"Contractual Obligation" of any Person means any obligation, agreement, undertaking or similar provision of any Security issued by such Person or of any agreement, undertaking, contract, lease, indenture, mortgage, deed of trust or other instrument (excluding a Loan Document) to which such Person is a party or by which it or any of its property is bound or to which any of its property is subject.

"Control Account" means a Securities Account or Commodity Account that is the subject of an effective Securities Account Control Agreement and that is maintained by any Loan Party with an Approved Securities Intermediary. "Control Account" includes all Financial Assets held in a Securities Account or a Commodity Account and all certificates and instruments, if any, representing or evidencing the Financial Assets contained therein.

"Corporate Chart" means a corporate organizational chart, list or other similar document in each case in form reasonably acceptable to the Administrative Agent and setting forth, for each Person that is a Loan Party, that is subject to Section 7.11 (Additional Collateral and Guaranties) or that is a Subsidiary of any of them, (a) the full legal name of such Person (and any trade name, fictitious name or other name such Person may operate under), (b) the jurisdiction of organization, the organizational number (if any) and the tax identification number (if any) of such Person, (c) the location of such Person's principal executive offices (or sole place of business) and (d) the number of shares of each class of such Person's Stock authorized (if applicable), the number outstanding as of the date of delivery and the number and percentage of such outstanding shares for each such class owned (directly or indirectly) by any Loan Party or any Subsidiary of any of them.

"Customary Permitted Liens" means, with respect to any Person, any of the following Liens:

(a) Liens with respect to the payment of taxes, assessments or governmental charges in each case that are not yet due or that are being contested in good faith by appropriate proceedings and with respect to which adequate reserves or other appropriate provisions are being maintained to the extent required by GAAP;

(b) deposit account banks' rights to set-off, Liens of landlords arising by statute and liens of suppliers, mechanics, carriers, materialmen, warehousemen or workmen and other liens imposed by law created in the ordinary course of business for amounts not yet due or that are being contested in good faith by appropriate proceedings and with respect to which adequate reserves or other appropriate provisions are being maintained to the extent required by GAAP;

(c) deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance or other types of social security benefits or to secure the performance of bids, tenders, sales, contracts (other than for the repayment of borrowed money) and surety, appeal, customs or performance bonds;

(d) encumbrances arising by reason of zoning restrictions, easements, licenses, reservations, covenants, rights-of-way, utility easements, building restrictions and other similar encumbrances on the use of real property not materially detracting from the value of such real property or not materially interfering with the ordinary conduct of the business conducted and proposed to be conducted at such real property;

(e) encumbrances arising under leases or subleases of real property that do not, in the aggregate, materially detract from the value of such real property or interfere with the ordinary conduct of the business conducted and proposed to be conducted at such real property;

(f) financing statements with respect to a lessor's rights in and to personal property leased to such Person in the ordinary course of such Person's business other than through a Capital Lease;

(g) 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; and

(h) licenses of patents, trademarks and other intellectual property rights granted in the ordinary course of business and not interfering in any respect with the ordinary conduct of such Person's business.

"Debt Issuance" means the incurrence of Indebtedness of the type specified in clause (a), (b) or (k) of the definition of "Indebtedness" by the Company or any of its Subsidiaries.

"Default" means any event that, with the passing of time or the giving of notice or both, would become an Event of Default.

"Default Rate" has the meaning specified in Section 2.10 (Interest).

"Deferred Prepayment Amount" means, with respect to any Net Cash Proceeds of any Deferred Prepayment Event, the portion of such Net Cash Proceeds subject to a Deferred Prepayment Notice.

"Deferred Prepayment Date" means, with respect to any Net Cash Proceeds of any Deferred Prepayment Event, the earlier of (a) the date occurring 330 days after such Deferred Prepayment Event or, if a definitive letter of intent or agreement has been executed during such 330 day period with respect to the reinvestment of such Net Cash Proceeds, the date occurring six months after the date of such letter of intent or agreement, as the case may be, and (b) the date that is five Business Days after the date on which a Borrower shall have notified the Administrative Agent of (i) such Borrower's determination not to acquire replacement assets useful in the Company's or a Subsidiary's business (or, in the case of a Property Loss Event, not to effect repairs) or (ii) the determination by the applicable Subsidiary of such Borrower not to repay the applicable Indebtedness with all or any portion of the relevant Deferred Prepayment Amount for such Net Cash Proceeds.

"Deferred Prepayment Event" means any Asset Sale or Property Loss Event in respect of which a Borrower has delivered a Deferred Prepayment Notice.

"Deferred Prepayment Notice" means a written notice executed by a Responsible Officer of a Borrower stating that no Default or Event of Default has occurred and is continuing and that (a) a Borrower (directly or indirectly through one of its Subsidiaries) intends and expects to use all or a specified portion of the Net Cash Proceeds of an Asset Sale or Property Loss Event to acquire replacement assets useful in its or one of its Subsidiaries' businesses or, in the case of a Property Loss Event, to effect repairs or (b) a Subsidiary of such Borrower (other than a Wholly-Owned Subsidiary) intends and expects to use all or a specified portion of the Net Cash Proceeds of an Asset Sale or Property Loss Event of such Subsidiary to repay Indebtedness of such Subsidiary permitted under Section 8.1.

"Deposit Account" has the meaning given to such term in the UCC.

"Deposit Account Bank" means a financial institution selected or approved by the Borrowers and reasonably acceptable to the Administrative Agent.

"Deposit Account Control Agreement" has the meaning specified in the Pledge and Security Agreement.

"Disclosure Documents" means, collectively, (i) the Confidential Information Memorandum dated November 2004 prepared in connection with the syndication of the Facilities and (ii) the Form 10 filed by the Company with the Securities and Exchange Commission, as amended from time to time through the Closing Date.

"Disqualified Stock" means with respect to any Person, any Stock that, 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, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is exchangeable for Indebtedness of such Person, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the Term Loan Maturity Date.

"Documentary Letter of Credit" means any Letter of Credit that is drawable upon presentation of documents evidencing the sale or shipment of goods purchased by the Company or any of its Subsidiaries in the ordinary course of its business.

"Dollar Borrowing" means Dollar Loans made on the same day by the Multi-Currency Lenders ratably according to their respective Multi-Currency Commitments.

"Dollar Equivalent" of any amount means, at the time of determination thereof, (a) if such amount is expressed in Dollars, such amount, (b) if such amount is expressed in an Alternative Currency, the equivalent of such amount in Dollars determined by using the rate of exchange quoted by Citibank in New York, New York at 11:00 a.m. (New York time) on the date of determination (or, if such date is not a Business Day, the last Business Day prior thereto) to prime banks in New York for the spot purchase in the New York currency exchange market of such amount of Dollars with such Alternative Currency and (c) if such amount is denominated in any other currency, the equivalent of such amount in Dollars as determined by the Administrative Agent using any method of determination it deems appropriate.

"Dollar Loan" has the meaning specified in Section 2.1 (The Commitments).

"Dollars" and the sign "$" each mean the lawful money of the United States of America.

"EBITDA" means, with respect to any Person for any period, (a) Consolidated Net Income of such Person for such period plus (b) the sum of, in each case to the extent included in the calculation of such Consolidated Net Income for such period, but without duplication, (i) any provision for income taxes, (ii) Interest Expense, (iii) loss from extraordinary items, (iv) depreciation, depletion and amortization expenses, (v) all other non-cash expenses, charges and losses that are not payable in cash in any subsequent period and (vi) non-recurring cash restructuring expenses, charges and losses minus (c) the sum of, in each case to the extent included in the calculation of such Consolidated Net Income for such period, but without

duplication, (i) any credit for income tax, (ii) interest income, (iii) gains from extraordinary items, (iv) any aggregate net gain (but not any aggregate net loss) from the sale, exchange or other disposition of capital assets by such Person, (v) any other non-cash gains or other items which have been added in determining Consolidated Net Income, including any reversal of a change referred to in clause (b)(v) above by reason of a decrease in the value of any Stock or Stock Equivalent.

"Eligible Assignee" means (a) a Lender or an Affiliate or Approved Fund of any Lender, (b) a commercial bank having total assets, the Dollar Equivalent of which exceeds $5,000,000,000, (c) a finance company, insurance company or any other financial institution or Fund, in each case reasonably acceptable to the Administrative Agent and regularly engaged in making, purchasing or investing in loans and having a net worth, determined in accordance with GAAP, the Dollar Equivalent of which exceeds $250,000,000 (or, to the extent net worth is less than such amount, a finance company, insurance company, other financial institution or Fund, reasonably acceptable to the Administrative Agent) or (d) a savings and loan association or savings bank organized under the laws of the United States or any State thereof having a net worth, determined in accordance with GAAP, the Dollar Equivalent of which exceeds $250,000,000.

"Entitlement Holder" has the meaning given to such term in the UCC.

"Entitlement Order" has the meaning given to such term in the UCC.

"Environmental Laws" means all applicable Requirements of Law now or hereafter in effect and as amended or supplemented from time to time, relating to pollution or the regulation and protection of human or animal health, safety, the environment or natural resources.

"Environmental Liabilities and Costs" means, with respect to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all fees, disbursements and expenses of counsel, experts and consultants and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any other Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute and whether arising under any Environmental Law, Permit, order or agreement with any Governmental Authority or other Person, in each case relating to any environmental, health or safety condition or to any Release or threatened Release and resulting from the past, present or future operations of, or ownership of property by, such Person or any of its Subsidiaries.

"Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities and Costs.

"Equipment" has the meaning given to such term in the UCC.

"Equity Issuance" means the issue or sale of any Stock of the Company or any Subsidiary of the Company by the Company or any Subsidiary of the Company to any Person other than Company or any Subsidiary of the Company.

"ERISA" means the United States Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control or treated as a single employer with the Company or any of its Subsidiaries within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"ERISA Event" means (a) a reportable event described in Section 4043(b) or 4043(c)(1), (2), (3), (5), (6), (8) or (9) of ERISA with respect to a Title IV Plan or a Multiemployer Plan, (b) the withdrawal of the Company, any of its Subsidiaries or any ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA, (c) the complete or partial withdrawal of the Company, any of its Subsidiaries or any ERISA Affiliate from any Multiemployer Plan, (d) notice of reorganization or insolvency of a Multiemployer Plan, (e) the filing of a notice of intent to terminate a Title IV Plan or the treatment of a plan amendment as a termination under Section 4041 of ERISA, (f) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by the PBGC, (g) the failure to make any required contribution to a Title IV Plan or Multiemployer Plan, (h) the imposition of a lien under Section 412 of the Code or Section 302 of ERISA on the Company or any of its Subsidiaries or any ERISA Affiliate, (i) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan or the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, or (j) or any similar events with respect to any defined benefit pension plan (including any Canadian Pension Plan) subject to any funding requirement under any Requirement of Law.

"Euro" and the sign "(Euro)" each mean the single currency of participating member States of the European Union.

"Euro Available Credit" means, at any time, (a) the lesser of (i) the then effective Multi-Currency Commitments and (ii) $300,000,000 minus (b) the aggregate Euro Outstandings at such time.

"Euro Borrowing" means Euro Loans made on the same day by the Multi-Currency Lenders ratably according to their respective Multi-Currency Commitments.

"Euro Loan" has the meaning specified in Section 2.1 (The Commitments).

"Euro Outstandings" means, at any particular time, the sum of (a) the Dollar Equivalent of the principal amount of the Euro Loans outstanding at such time and (b) the Dollar Equivalent of the principal amount of the Swing Loans denominated in Euros outstanding at such time.

"Eurocurrency Base Rate" means, with respect to any Interest Period for any Eurocurrency Rate Loan, the rate determined by the Administrative Agent to be the offered rate for deposits in Dollars, Euros, Sterling or Francs for the applicable Interest Period appearing on (a) with respect to Dollars, Euros or Sterling, the Reuters Screen Page LIBOR01 and (b) with respect to Francs, the Reuters Screen Page LIBOR02, in each case, as of 11:00 a.m., London time, on the second full Business Day next preceding the first day of each Interest Period. In the event that such rate does not appear on the applicable Reuters Screen Page (or otherwise on the Reuters Screen), the Eurocurrency Base Rate for the purposes of this definition shall be determined by reference to such other comparable publicly available service for displaying eurocurrency rates as may be selected by the Administrative Agent.

"Eurocurrency Interest Period" means, in the case of any Eurocurrency Rate Loan, (a) initially, the period commencing on the date such Eurocurrency Rate Loan is made or on the date of conversion of a Base Rate Loan to such Eurocurrency Rate Loan and ending (i) in the case any such Loan made or converted in the first three weeks following the Closing Date, one week thereafter and (ii) in the case of any other Loan, one, two, three or six months thereafter, as selected by the applicable Borrower in its Notice of Borrowing or Notice of Conversion or Continuation given to the Administrative Agent pursuant to Section 2.2 (Borrowing Procedures) or Section 2.11 (Conversion/Continuation Option) and (b) thereafter, if such Loan is continued, in whole or in part, as a Eurocurrency Rate Loan pursuant to Section 2.11 (Conversion/Continuation Option), a period commencing on the last day of the immediately preceding Interest Period therefor and ending (i) in the case of clause (a)(i) above, one week thereafter and (ii) in the case of clause (a)(ii) above, one, two, three or six months thereafter, as selected by the applicable Borrower in its Notice of Conversion or Continuation given to the Administrative Agent pursuant to Section 2.11 (Conversion/Continuation Option); provided, however, that all of the foregoing provisions relating to Interest Periods in respect of Eurocurrency Rate Loans are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless the result of such extension would be to extend such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period of one month or longer that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month;

(iii) no Borrower may select any Interest Period that ends after the date of a scheduled principal payment on the Loans as set forth in Article II (The Facilities) unless, after giving effect to such selection, the aggregate unpaid principal amount of the Loans for which Interest Periods end after such scheduled principal payment shall be equal to or less than the principal amount to which the Loans are required to be reduced after such scheduled principal payment is made;

(iv) no Borrower may select any Interest Period in respect of Loans having an aggregate principal amount of less than the Minimum Currency Threshold; and

(v) there shall be outstanding at any one time no more than eight Interest Periods in the aggregate in respect of all Loans (other than Swing Loans) for any Borrower.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Federal Reserve Board.

"Eurocurrency Rate" means, with respect to any Interest Period for any Eurocurrency Rate Loan, an interest rate per annum equal to the rate per annum obtained by dividing (a) the Eurocurrency Base Rate by (b)(i) a percentage equal to 100% minus (ii) the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Federal Reserve Board for determining the

maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the Eurocurrency Rate is determined) having a term equal to such Interest Period.

"Eurocurrency Rate Loan" means any U.K. Swing Loan, any Swiss Swing Loan or any other Loan that, for an Interest Period, bears interest based on the Eurocurrency Rate.

"European Lending Office" means, with respect to any Lender, the office of such Lender specified as its "European Lending Office" opposite its name on Schedule II (Applicable Lending Offices and Addresses for Notices) or on the Assignment and Acceptance by which it became a Lender (or, if no such office is specified, its U.S. Lending Office) or such other office of such Lender as such Lender may from time to time specify to the Company and the Administrative Agent.

"Event of Default" has the meaning specified in Section 9.1 (Events of Default).

"Excess Cash Flow" means, for any period, without duplication, (a) Adjusted EBITDA of the Company for such period plus (b) the excess, if any, of the Working Capital of the Company at the beginning of such period over the Working Capital of the Company at the end of such period plus (c) the excess, if any, of (i) the amount of deferred charges and other assets minus deferred credits and other liabilities of the Company at the beginning of such period over (ii) the amount of deferred charges and other assets minus deferred credits and other liabilities of the Company at the end of such period minus (d) the sum of (i) scheduled, voluntary and mandatory cash principal payments on the Loans and, if funded, the NKL Facility during such period and voluntary cash principal payments on the Loans and, if funded, the NKL Facility during such period (but only, in the case of payment in respect of any Revolving Credit Facilities, to the extent that the commitments thereunder are permanently reduced by the amount of such payments), (ii) scheduled cash principal payments made by the Company or any of its Subsidiaries during such period on other Indebtedness to the extent such other Indebtedness and payments are permitted by this Agreement, (iii) Capital Expenditures made by the Company or any of its Subsidiaries during such period to the extent permitted by this Agreement, (iv) scheduled payments made by the Company or any of its Subsidiaries on Capital Lease Obligations to the extent such Capital Lease Obligations and payments are permitted by this Agreement, (v) Cash Interest Expense of the Company for such period, (vi) cash payments of federal, state, local and foreign income tax, franchise taxes and state single business unitary and similar taxes imposed in lieu of income tax made during such period by the Company or any of its Subsidiaries; (vii) cash restructuring charges, other non-recurring cash expenditures or losses and balance sheet translation adjustments not included in Adjusted EBITDA for such period; (viii) the excess, if any, of the Working Capital of the Company at the end of such period over the Working Capital of the Company at the beginning of such period; and (ix) the excess, if any, of (x) the amount of deferred charges and other assets minus deferred credits and other liabilities of the Company at the end of such period over (y) the amount of deferred charges and other assets minus deferred credits and other liabilities of the Company at the beginning of such period; provided, however, Excess Cash Flow shall not be reduced by the amounts in clauses (d)(i) through (iii) above to the extent such amounts were financed with proceeds of debt or equity or other proceeds not included in the calculation of Adjusted EBITDA.

"Facilities" means (a) the Term Loan Facility and (b) the Revolving Credit Facilities.

"Fair Market Value" means (a) with respect to any asset or group of assets (other than a marketable Security) at any date, the value of the consideration obtainable in a sale of such asset at such date assuming a sale by a willing seller to a willing purchaser dealing at arm's length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset, as determined in good faith by the Board of Directors of the Company and (b) with respect to any marketable Security at any date, the closing sale price of such Security on the Business Day next preceding such date, as appearing in any published list of any national securities exchange or the NASDAQ Stock Market or, if there is no such closing sale price of such Security, the final price for the purchase of such Security at face value quoted on such Business Day by a financial institution of recognized standing regularly dealing in Securities of such type and selected by the Company and reasonably acceptable to the Administrative Agent.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Federal Reserve Board" means the Board of Governors of the United States Federal Reserve System, or any successor thereto.

"Fee Letter" shall mean the letter dated as of November 22, 2004, addressed to the Alcan Inc. from Citicorp, Citigroup Global Markets Inc., Morgan Stanley Senior Funding, Inc., UBS Loan Finance LLC and UBS Securities LLC and accepted by Alcan on November 22, 2004, with respect to, among other things, certain fees to be paid from time to time to the Administrative Agent and the Arrangers.

"Financial Asset" has the meaning given to such term in the UCC.

"Financial Covenant Debt" of any Person means the Indebtedness of such Person and its Subsidiaries of the type specified in clauses (a) through (f), (h) and (k) of the definition of "Indebtedness".

"Financial Statements" means the financial statements of the Company and its Subsidiaries delivered in accordance with Section 4.4 (Financial Statements) and Section 6.1 (Financial Statements).

"Fiscal Quarter" means each of the three month periods ending on March 31, June 30, September 30 and December 31.

"Fiscal Year" means the twelve month period ending on December 31.

"Fixed Charge Coverage Ratio" means, for any period, the ratio of (a) Adjusted EBITDA of the Company for such period minus Capital Expenditures of the Company for such period to (b) the Fixed Charges of the Company for such period.

"Fixed Charges" means, with respect to any Person for any period, the sum, determined on a Consolidated basis, of (a) the Cash Interest Expense of such Person and its subsidiaries for such period, (b) the principal amount of Consolidated Financial Covenant Debt of such Person and its subsidiaries having a scheduled due date during such period, (c) all cash dividends paid by such Person and its subsidiaries on Stock in such period to Persons other than such Person and its subsidiaries, (d) total income tax liability actually payable by such Person in respect of such period and (e) all dividends or distributions paid in respect of the minority interest in any Joint Venture Subsidiary to the holder of such minority interest.

"France Holdco" has the meaning specified in Schedule V (Post-Closing Spin-off Transaction).

"Francs" and "CHF" each mean the lawful money of Switzerland.

"Fund" means 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 business.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by such other entity as may be in general use by significant segments of the accounting profession, that are applicable to the circumstances as of the date of determination.

"General Intangible" has the meaning given to such term in the UCC.

"German Borrower" has the meaning specified in the preamble to this Agreement.

"Governmental Authority" means any nation, sovereign or government, any state or other political subdivision thereof and any entity or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any central bank or stock exchange.

"Guarantor" means the Company, the U.S. Borrower and each Subsidiary Guarantor.

"Guaranty" means each guaranty, in form and substance reasonably satisfactory to the Administrative Agent, executed by any Guarantor.

"Guaranty Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any Indebtedness of another Person, if the purpose or intent of such Person in incurring the Guaranty Obligation is to provide assurance to the obligee of such Indebtedness that such Indebtedness will be paid or discharged, that any agreement relating thereto will be complied with, or that any holder of such Indebtedness

will be protected (in whole or in part) against loss in respect thereof, including (a) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of Indebtedness of another Person and (b) any liability of such Person for Indebtedness of another Person through any agreement (contingent or otherwise) (i) to purchase, repurchase or otherwise acquire such Indebtedness or any security therefor or to provide funds for the payment or discharge of such Indebtedness (whether in the form of a loan, advance, stock purchase, capital contribution or otherwise), (ii) to maintain the solvency or any balance sheet item, level of income or financial condition of another Person, (iii) to make take-or-pay or similar payments, if required, regardless of non-performance by any other party or parties to an agreement, (iv) to purchase, sell or lease (as lessor or lessee) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss or (v) to supply funds to, or in any other manner invest in, such other Person (including to pay for property or services irrespective of whether such property is received or such services are rendered), if in the case of any agreement described under clause (b)(i), (ii), (iii), (iv) or (v) above the primary purpose or intent thereof is to provide assurance that Indebtedness of another Person will be paid or discharged, that any agreement relating thereto will be complied with or that any holder of such Indebtedness will be protected (in whole or in part) against loss in respect thereof. The amount of any Guaranty Obligation shall be equal to the amount of the Indebtedness so guaranteed or otherwise supported.

"Hedging Contracts" means all Interest Rate Contracts, foreign exchange contracts, currency swap, option or forward purchase or sale agreements, other forward contracts, commodity swap, purchase or option agreements, other commodity or energy price hedging arrangements and all other similar non-speculative agreements or arrangements designed to alter the risks of any Person arising from fluctuations in interest rates, currency values or commodity or energy prices.

"Indebtedness" of any Person means without duplication (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments, (c) all reimbursement and all obligations with respect to letters of credit, bankers' acceptances, surety bonds and performance bonds, whether or not matured, (d) all indebtedness for the deferred purchase price of property or services, other than trade payables incurred in the ordinary course of business, (e) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person other than customary reservation or retention of title under agreements with vendors entered into in the ordinary course of business (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (f) all Capital Lease Obligations of such Person and the present value of future rental payments under all synthetic leases, (g) all Guaranty Obligations of such Person, (h) all Disqualified Stock, valued in the case of redeemable preferred stock, at the greater of its voluntary liquidation preference and its involuntary liquidation preference plus accrued and unpaid dividends, (i) all payments that such Person would have to make in the event of an early termination on the date Indebtedness of such Person is being determined in respect of Hedging Contracts of such Person, (j) all Indebtedness of the type referred to above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including Accounts and General Intangibles) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness and (k) all obligations of such Person under any Securitization Facility.

"Indemnified Matter" has the meaning specified in Section 11.4 (Indemnities).

"Indemnitee" has the meaning specified in Section 11.4 (Indemnities).

"Interbank Rate" means, for any period, (i) in respect of Loans denominated in Dollars, the Federal Funds Rate and (ii) in respect of Loans denominated in any other currency, the Administrative Agent's cost of funds for such period.

"Intercompany Note" means a promissory note evidencing intercompany loans issued by a Subsidiary of the Company in favor of the Company or another Subsidiary of the Company, in form and substance acceptable to the Administrative Agent.

"Intercreditor Agreement" means the Intercreditor Agreement, dated the date hereof, between Alcan and the Administrative Agent, in form and substance acceptable to the Administrative Agent.

"Interest Coverage Ratio" means, for any period, the ratio of (a) Adjusted EBITDA of the Company for such period to (b) Cash Interest Expense of the Company for such period.

"Interest Expense" means, for any Person for any period, Consolidated total interest expense of such Person and its Subsidiaries for such period and including, in any event, interest capitalized during such period and net costs under Interest Rate Contracts for such period; provided, with respect to the Company, for each of the Fiscal Quarters ending March 31, 2005, June 30, 2005 and September 30, 2005, Interest Expense for the relevant period shall be deemed to equal Interest Expense for such Fiscal Quarter (together with any previous Fiscal Quarter ending on or after the Closing Date) multiplied by 4, 2 and 4/3 respectively.

"Interest Period" means (a) in the case of any Eurocurrency Rate Loan, the applicable Eurocurrency Interest Period and (b) in the case of any BA Rate Loan, the applicable BA Interest Period.

"Interest Rate Contracts" means all interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and interest rate insurance.

"Inventory" has the meaning given to such term in the UCC.

"Investment" means, with respect to any Person, (a) any purchase or other acquisition by such Person of (i) any Security issued by, (ii) a beneficial interest in any Security issued by, or (iii) any other equity ownership interest in, any other Person, (b) any purchase by such Person of all or a significant part of the assets of a business conducted by any other Person, or all or substantially all of the assets constituting the business of a division, branch or other unit operation of any other Person, (c) any loan, advance (other than deposits with financial institutions available for withdrawal on demand, prepaid expenses, accounts receivable and similar items made or incurred in the ordinary course of business as presently conducted) or capital contribution by such Person to any other Person, including all Indebtedness of any other Person to such Person arising from a sale of property by such Person other than in the ordinary course of its business, and (d) any Guaranty Obligation incurred by such Person in respect of Indebtedness of any other Person.

"IRS" means the Internal Revenue Service of the United States or any successor thereto.

"Issue" means, with respect to any Letter of Credit, to issue, extend the expiry of, renew or increase the maximum face amount (including by deleting or reducing any scheduled decrease in such maximum face amount) of, such Letter of Credit. The terms "Issued" and "Issuance" shall have a corresponding meaning.

"Issuer" means each Lender or Affiliate of a Lender that (a) is listed on the signature pages hereof as an "Issuer" or (b) hereafter becomes an Issuer with the approval of the Administrative Agent and the Company by agreeing pursuant to an agreement with and in form and substance satisfactory to the Administrative Agent and the Company to be bound by the terms hereof applicable to Issuers.

"ITA" means the Income Tax Act (Canada), as amended, and any successor thereto, and any regulations promulgated thereunder.

"Joint Venture Subsidiary" means each of (i) Aluminum Company of Malaysia Berhard (Malaysia) and (ii) NKL.

"Judgment Currency" has the meaning specified in Section 11.12 (Submission to Jurisdiction; Service of Process).

"Land" of any Person means all of those plots, pieces or parcels of land now owned, leased or hereafter acquired or leased or purported to be owned, leased or hereafter acquired or leased (including, in respect of the Loan Parties, as reflected in the most recent Financial Statements) by such Person.

"Leases" means, with respect to any Person, all of those leasehold estates in real property of such Person, as lessee, as such may be amended, supplemented or otherwise modified from time to time.

"Lender" means each Swing Loan Lender and each other financial institution or other entity that (a) is listed on the signature pages hereof as a "Lender" or (b) from time to time becomes a party hereto by execution of an Assignment and Acceptance.

"Letter of Credit" means any letter of credit Issued pursuant to Section 2.4 (Letters of Credit).

"Letter of Credit Allocation" means, with respect to each Issuer, a percentage of the Letter of Credit Sublimit allocated to such Issuer by the Administrative Agent and accepted by such Issuer and means, as of the Closing Date, the percentage set forth opposite such Issuer's name on Schedule III (Letter of Credit Allocations).

"Letter of Credit Obligations" means, at any time, the Dollar Equivalent of the aggregate of all liabilities at such time of the Borrowers to all Issuers with respect to Letters of Credit, whether or not any such liability is contingent, including, without duplication, the sum of (a) the Reimbursement Obligations at such time and (b) the Letter of Credit Undrawn Amounts at such time.

"Letter of Credit Reimbursement Agreement" has the meaning specified in Section 2.4(a) (Letters of Credit).

"Letter of Credit Request" has the meaning specified in Section 2.4(c) (Letters of Credit).

"Letter of Credit Sublimit" means $100,000,000.

"Letter of Credit Undrawn Amounts" means, at any time, the aggregate undrawn face amount of all Letters of Credit outstanding at such time.

"Leverage Ratio" means, as of any date, the ratio of (a) Consolidated Financial Covenant Debt of the Company and its Subsidiaries outstanding as of such date to (b) Adjusted EBITDA for the Company for the last four Fiscal Quarter period ending on or before such date; and all references to "pro forma Leverage Ratio" mean such Leverage Ratio after giving effect to any Debt Issuance or Equity Issuance consummated on or prior to such date and the application of the proceeds thereof.

"Lien" means any mortgage, deed of trust, pledge, hypothec, hypothecation, assignment, charge, deposit arrangement, encumbrance, lien (statutory or other), security interest or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever intended to assure payment of any Indebtedness or the performance of any other obligation, including any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease and any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction naming the owner of the asset to which such Lien relates as debtor.

"Loan" means any loan made by any Lender pursuant to this Agreement.

"Loan Documents" means, collectively, this Agreement, the Notes (if any), each Guaranty, the Fee Letter, each Letter of Credit Reimbursement Agreement, each Hedging Contract between the Company or any Subsidiary of the Company and any Person that was a Lender or an Affiliate of a Lender at the time it entered into such Hedging Contract, each Cash Management Document, the Collateral Documents and each certificate, agreement or document executed by a Loan Party (or such Subsidiary, as applicable) and delivered to the Administrative Agent or any Lender in connection with or pursuant to any of the foregoing.

"Loan Party" means (a) each Borrower, (b) each Guarantor and (c) to the extent each of the Intercompany Notes issued by any Subsidiary of the Company is also a Pledged Secured Intercompany Note, such Subsidiary.

"Local Time" means, with respect to (a) any Loan denominated in Dollars or Canadian Dollars, New York time and (b) any Loan denominated Euros, Sterling or Francs, London time.

"Mandatory Costs" means, with respect to a Loan or other unpaid sum, the rate per annum notified by any Lender to the Administrative Agent to be the cost to that Lender of compliance with all reserve asset, liquidity or cash margin or other like requirements of the Bank

of England, the Financial Services Authority or the European Central Bank and which shall be determined in accordance with Schedule IV (Mandatory Costs).

"Material Adverse Change" means a material adverse change in any of (a) the assets, operations or financial condition of the Business or the Company and its Subsidiaries, taken as a whole, (b) the enforceability of any Loan Document, (c) the perfection or priority of the Liens granted pursuant to the Collateral Documents, (d) the ability of the Borrowers to repay the Obligations or of the other Loan Parties to perform their respective obligations under the Loan Documents or (e) the rights and remedies of the Administrative Agent, the Lenders or the Issuers under the Loan Documents.

"Material Adverse Effect" means an effect that results in or causes, or could reasonably be expected to result in or cause, a Material Adverse Change.

"Minimum Currency Threshold" means (i) in the case of Loans denominated in Dollars, $5,000,000 or an integral multiple of $1,000,000 in excess thereof, (ii) in the case of Canadian Dollar Loans, C$5,000,000 or an integral multiple of C$1,000,000 in excess thereof, (iii) in the case of Loans denominated in Euros, (Euro)5,000,000 or an integral multiple of (Euro)1,000,000 in excess thereof, (iv) in the case of Loans denominated in Sterling, (Pound Sterling)2,500,000 or an integral multiple of (Pound Sterling)500,000 in excess thereof and (v) in the case of Loans denominated in Francs, CHF5,000,000 or an integral multiple of CHF1,000,000 in excess thereof.

"Moody's" means Moody's Investors Service, Inc.

"Morgan Stanley" means Morgan Stanley Senior Funding, Inc.

"Multi-Currency Available Credit" means, at any time, (a) the then effective aggregate Multi-Currency Commitments minus (b) the aggregate Multi-Currency Outstandings at such time.

"Multi-Currency Borrowing" means Multi-Currency Loans made on the same day by the Multi-Currency Lenders ratably according to their respective Multi-Currency Commitments.

"Multi-Currency Commitment" means, with respect to each Multi-Currency Lender, the commitment of such Lender to make Multi-Currency Loans and acquire interests in other Multi-Currency Outstandings in the aggregate principal amount outstanding not to exceed the amount set forth opposite such Lender's name on Schedule I (Commitments) under the caption "Multi-Currency Commitment," as amended to reflect each Assignment and Acceptance executed by such Lender and as such amount may be reduced pursuant to this Agreement, and "Multi-Currency Commitments" shall mean the aggregate Multi-Currency Commitments of all Multi-Currency Lenders, which amount, initially as of the Closing Date, shall be $450,000,000.

"Multi-Currency Facility" means the Multi-Currency Commitments and the provisions herein related to the Multi-Currency Loans, the Swing Loans and Letters of Credit.

"Multi-Currency Lender" means each Lender having a Multi-Currency Commitment.

"Multi-Currency Loan" means each of the Dollar Loans, the Euro Loans and the Swing Loans.

"Multi-Currency Outstandings" means, at any particular time, the sum of (a) the Dollar Equivalent of the principal amount of the Multi-Currency Loans outstanding at such time, (b) the Letter of Credit Obligations outstanding at such time and (c) the Dollar Equivalent of the principal amount of the Swing Loans outstanding at such time.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 400l(a)(3) of ERISA or any similar, non-United States defined benefit pension plan (including the Canadian Pension Plans), in each case, to which the Company, any of its Subsidiaries or any ERISA Affiliate has any obligation or liability, contingent or otherwise.

"Net Cash Proceeds" means proceeds received by the Company or any of its Subsidiaries after the Closing Date in cash or Cash Equivalents from any (a) Asset Sale, other than an Asset Sale permitted under Section 8.4(a) through (g) (Sale of Assets), net of (i) the reasonable cash costs of sale, assignment or other disposition, (ii) taxes paid or reasonably estimated to be payable as a result thereof and (iii) any amount required to be paid or prepaid on Indebtedness (other than the Obligations) secured by the assets subject to such Asset Sale, provided, however, that evidence of each of clauses (i), (ii) and (iii) above is provided to the Administrative Agent in form and substance reasonably satisfactory to it, (b) Property Loss Event or (c)(i) Equity Issuance (other than any such issuance of common Stock of the Company occurring in the ordinary course of business to any director, officer, member of the management or employee of the Company or any of its Subsidiaries) or (ii) any Debt Issuance, other than a Debt Issuance permitted under Section 8.1(a) through (j), (m), (o), (p) or (r) (Indebtedness) or any Permitted Refinancing thereof, in each case, net of brokers' and advisors' fees and other costs incurred in connection with such transaction; provided, however, that, in the case of this clause (c), evidence of such costs is provided to the Administrative Agent in form and substance satisfactory to it.

"NKL" means Novelis Korea Limited.

"NKL Facility" means Indebtedness of NKL, in an aggregate principal amount of up to $203,000,000, on terms and conditions reasonably satisfactory to the Administrative Agent.

"Non-Cash Interest Expense" means, with respect to any Person for any period, the sum of the following amounts to the extent included in the definition of Interest Expense: (a) the amount of debt discount and debt issuance costs amortized, (b) charges relating to write-ups or write-downs in the book or carrying value of existing Financial Covenant Debt, (c) interest payable in evidences of Indebtedness or by addition to the principal of the related Indebtedness and (d) other non-cash interest.

"Non-Consenting Lender" has the meaning specified in Section 11.1(c) (Amendments, Waivers, Etc.).

"Non-Funding Lender" has the meaning specified in Section 2.2(e) (Borrowing Procedures).

"Non-U.S. Lender" means each Lender or Issuer (or the Administrative Agent) that is a Non-U.S. Person.

"Non-U.S. Person" means any Person that is not a U.S. Person.

"Norf GmbH" means Aluminium Norf GmbH, a limited liability company (GmbH) organized under the laws of Germany.

"Note" means any Revolving Credit Note or Term Loan Note.

"Notice of Borrowing" has the meaning specified in Section 2.2(a) (Borrowing Procedures).

"Notice of Conversion or Continuation" has the meaning specified in Section 2.11 (Conversion/Continuation Option).

"Obligations" means the Loans, the Letter of Credit Obligations and all other amounts, obligations, covenants and duties owing by each Borrower to the Administrative Agent, any Lender, any Issuer, any Affiliate of any of them or any Indemnitee, of every type and description (whether by reason of an extension of credit, opening or amendment of a letter of credit or payment of any draft drawn or other payment thereunder, loan, guaranty, indemnification, foreign exchange or currency swap transaction, interest rate hedging transaction or otherwise), present or future, arising under this Agreement, any other Loan Document (including Cash Management Documents and Hedging Contracts that are Loan Documents), whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired and whether or not evidenced by any note, guaranty or other instrument or for the payment of money, including all letter of credit, cash management and other fees, interest, charges, expenses, attorneys' fees and disbursements, Cash Management Obligations and other sums chargeable to the Borrowers under this Agreement, any other Loan Document (including Cash Management Documents and Hedging Contracts that are Loan Documents) and all obligations of any Borrower under any Loan Document to provide cash collateral for any Letter of Credit Obligation.

"Other Taxes" has the meaning specified in Section 2.16(b) (Taxes).

"Patriot Act" has the meaning specified in Section 11.19 (Patriot Act).

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Perfection Certificate" means a certificate in form and substance satisfactory to the Administrative Agent.

"Permit" means any permit, approval, authorization, license, variance or permission required from a Governmental Authority under an applicable Requirement of Law.

"Permitted Acquisition" means any Proposed Acquisition subject to the satisfaction of each of the following conditions:

(a) the Administrative Agent shall receive at least 15 Business Days' (or such shorter period as may be acceptable to the Administrative Agent) written notice of such Proposed Acquisition prior to the consummation thereof, which notice shall include a reasonably detailed description of such Proposed Acquisition;

(b) such Proposed Acquisition shall be consensual and shall have been approved by the Proposed Acquisition Target's board of directors or shareholders;

(c) no additional Indebtedness or other liabilities shall be incurred, assumed or otherwise be reflected on a Consolidated balance sheet of the Company and the Proposed Acquisition Target after giving effect to such Proposed Acquisition, except (i) Loans made hereunder, (ii) ordinary course trade payables and accrued expenses and (iii) Indebtedness of the Proposed Acquisition Target permitted under Section 8.1 (Indebtedness);

(d) the Dollar Equivalent of the sum of all amounts (other than any Stock of the Company) payable in connection with such Proposed Acquisition and all other Permitted Acquisitions consummated on or prior to the date of the consummation of such Proposed Acquisition (including all transaction costs and all Indebtedness, liabilities and Guaranty Obligations incurred or assumed in connection therewith or otherwise reflected in a Consolidated balance sheet of the Company and the Proposed Acquisition Target) shall not exceed $150,000,000 or, in the event the pro forma Leverage Ratio at such time is 3.5 to 1 or less, $250,000,000;

(e) at or prior to the closing of such Proposed Acquisition, the Company (or the Subsidiary making such Proposed Acquisition) and the Proposed Acquisition Target shall have executed such documents and taken such actions as may be required under Section 7.11 (Additional Collateral and Guaranties) and Section 7.13 (Real Property);

(f) on or prior to the date of such Proposed Acquisition, the Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent, copies of the acquisition agreement, related Contractual Obligations and instruments and all opinions, certificates, lien search results and other documents reasonably requested by the Administrative Agent; and

(g) at the time of such Proposed Acquisition and after giving effect thereto, (A) no Default or Event of Default shall have occurred and be continuing, (B) all representations and warranties contained in Article IV (Representations and Warranties) and in the other Loan Documents shall be true and correct in all material respects, 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, (C) the Borrowers are in pro forma compliance with each of the financial covenants contained in Article V (Financial Covenants) as of the last day of the most recent Fiscal Quarter or Fiscal Year for which a Compliance Certificate has been delivered pursuant to clause (c) of Section 6.1 (Financial Statements) and a Responsible Officer shall have delivered an officer's certificate to the Administrative Agent certifying as to such compliance, and (D) the sum of (x) the aggregate amount of the Available Credit under each Revolving Credit Facility and (y) the aggregate unrestricted cash balance (including Cash Equivalents) of the Company and its Subsidiaries as reflected on the balance sheet of Company and its Subsidiaries at such time is not less than $200,000,000.

"Permitted Joint Venture" means each Joint Venture Subsidiary and a Person:

(a) that is a corporation, limited liability company, joint venture or similar limited liability legal entity hereafter formed or entered into by the Company or any of its Subsidiaries with another Person in order to conduct a common venture or enterprise with such Person, which legal entity does not constitute a Subsidiary;

(b) that does not own any Stock in a Loan Party nor at any time itself have been a Loan Party; and

(c) in respect of which all Indebtedness or other obligations (in each case whether contingent or otherwise), including any contractually binding commitment to make future capital contributions, assumed by any Loan Party in respect thereof can be quantified.

"Permitted Refinancing" means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; provided, however, that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the sum of (i) the outstanding principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed plus (ii) an amount equal to unpaid accrued interest and premium thereon plus (iii) other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal or extension plus (iv) an amount equal to any existing commitments unutilized thereunder or as otherwise permitted pursuant to Section 8.1, (b) such modification, refinancing, refunding, renewal or extension has (i) a final maturity date equal to or later than the earlier of (A) the date six months after the Term Loan Maturity Date and (B) the final maturity date of the Indebtedness being modified, refinanced, refunded, renewed or extended and (ii) a weighted average life to maturity equal to or greater than the weighted average life to maturity of the Indebtedness being modified, refinanced, refunded, renewed or extended, (c) if the Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Obligations, such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended, (d) the terms and conditions (including, if applicable, as to collateral) of any such modified, refinanced, refunded, renewed or extended Indebtedness are not materially less favorable to the Lenders than the terms and conditions of the Indebtedness being modified, refinanced, refunded, renewed or extended, (e) such modification, refinancing, refunding, renewal or extension is incurred by the Person who is the obligor on the Indebtedness being modified, refinanced, refunded, renewed or extended, and (f) except with respect to a Permitted Refinancing of the Senior Unsecured Facility or the Senior Unsecured Exchange Securities, at the time thereof, no Event of Default shall have occurred and be continuing.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, estate, trust, limited liability company, unincorporated association, joint venture or other entity or a Governmental Authority.

"Pledge and Security Agreement" means an agreement, in substantially the form of Exhibit I (Form of Pledge and Security Agreement).

"Pledged Intercompany Note" means any Intercompany Note pledged to the Administrative Agent under any Collateral Document.

"Pledged Secured Intercompany Note" means any Pledged Intercompany Note that is also a Secured Intercompany Note.

"Post-Closing Spin-off Transaction" means the Transactions contemplated to occur after the Closing Date in connection with the Spin-off set forth on Schedule V (Post-Closing Spin-off Transaction).

"Pro Forma Basis" means, with respect to any determination for any period, that such determination shall be made giving pro forma effect to each acquisition consummated during such period, together with all transactions relating thereto consummated during such period (including any incurrence, assumption, refinancing or repayment of Indebtedness), as if such acquisition and related transactions had been consummated on the first day of such period, in each case based on historical results accounted for in accordance with GAAP and, to the extent applicable, reasonable assumptions that are specified in details in the relevant Compliance Certificate, Financial Statement or other document provided to the Administrative Agent or any Lender in connection herewith in accordance with Regulation S-X of the Securities Act of 1933 and the Securities Exchange Act of 1934.

"Proceeds" has the meaning given to such term in the UCC.

"Process Agent" has the meaning specified in Section 11.12 (Submission to Jurisdiction; Service of Process).

"Projections" means those financial projections, dated November, 2004, covering the Fiscal Years ending in 2004 through 2011 inclusive, delivered by the Company to the Lenders on IntraLinks(TM) under the heading "PRIVATE Supplement to the Confidential Information Memorandum."

"Property Loss Event" means (a) any loss of or damage to property of the Company or any Subsidiary of the Company that results in the receipt by such Person of proceeds of insurance or (b) any taking of property of such Person that results in the receipt by such Person of a compensation payment in respect thereof.

"Proposed Acquisition" means the proposed acquisition by the Company or any of its Subsidiaries of all or substantially all of the assets or Stock of any Proposed Acquisition Target, or the merger of any Proposed Acquisition Target with or into the Company or any Subsidiary of the Company (and, in the case of a merger with the Company, with the Company being the surviving corporation).

"Proposed Acquisition Target" means any Person or any operating division thereof subject to a Proposed Acquisition.

"Purchasing Lender" has the meaning specified in Section 11.7 (Sharing of Payments, Etc.).

"Ratable Portion" or (other than in the expression "equally and ratably") "ratably" means, for any Lender:

(a) with respect to the Revolving Credit Facilities, the percentage obtained by dividing (i) the Revolving Credit Commitment of such Lender by (ii) the aggregate Revolving Credit Commitments of all Lenders (or, at any time after the Revolving Credit Termination Date, the percentage obtained by dividing the aggregate outstanding principal balance of the Revolving Credit Outstandings owing to such Lender by the aggregate outstanding principal balance of the Revolving Credit Outstandings owing to all Lenders);

(b) with respect to the Multi-Currency Facility, the percentage obtained by dividing (i) the Multi-Currency Commitment of such Lender by (ii) the aggregate Multi-Currency Commitments of all Lenders (or, at any time after the Revolving Credit Termination Date, the percentage obtained by dividing the aggregate outstanding principal balance of the Multi-Currency Outstandings owing to such Lender by the aggregate outstanding principal balance of the Multi-Currency Outstandings owing to all Lenders);

(c) with respect to the Canadian Dollar Facility, the percentage obtained by dividing (i) the Canadian Dollar Commitment of such Lender by (ii) the aggregate Canadian Dollar Commitments of all Lenders (or, at any time after the Revolving Credit Termination Date, the percentage obtained by dividing the aggregate outstanding principal balance of the Canadian Dollar Outstandings owing to such Lender by the aggregate outstanding principal balance of the Canadian Dollar Outstandings owing to all Lenders);

(d) with respect to the Term Loan Facility, the percentage obtained by dividing (i) the Term Loan Commitment of such Lender by (ii) the aggregate Term Loan Commitments of all Lenders (or, at any time after the Closing Date, the percentage obtained by dividing the principal amount of such Lender's Term Loans by the aggregate Term Loans of all Lenders);

(e) with respect to the U.S. Term Loans, the percentage obtained by dividing (i) the U.S. Term Commitment of such Lender by (ii) the aggregate U.S. Term Commitments of all Lenders (or, at any time after the Closing Date, the percentage obtained by dividing the principal amount of such Lender's U.S. Term Loans by the aggregate U.S. Term Loans of all Lenders);

(f) with respect to the Canadian Term Loans, the percentage obtained by dividing (i) the Canadian Term Commitment of such Lender by (ii) the aggregate Canadian Term Commitments of all Lenders (or, at any time after the Closing Date, the percentage obtained by dividing the principal amount of such Lender's Canadian Term Loans by the aggregate Canadian Term Loans of all Lenders); and

(g) with respect to the Facilities as a whole, the percentage obtained by dividing (i) the Commitments of such Lender by (ii) the aggregate Commitments of all Lenders (or, at any time after the Revolving Credit Termination Date, the percentage obtained by dividing the aggregate outstanding principal balance of the Loans owing to such Lender by the aggregate outstanding principal balance of all Loans owing to all Lenders).

"Real Property" of any Person means the Land of such Person, together with the right, title and interest of such Person, if any, in and to the streets, the Land lying in the bed of any streets, roads or avenues, opened or proposed, in front of, the air space and development rights pertaining to the Land and the right to use such air space and development rights, all rights of way, privileges, liberties, tenements, hereditaments and appurtenances belonging or in any way appertaining thereto, all fixtures, all easements now or hereafter benefiting the Land and all royalties and rights appertaining to the use and enjoyment of the Land, including all alley, vault, drainage, mineral, water, oil and gas rights, together with all of the buildings and other improvements now or hereafter erected on the Land and any fixtures appurtenant thereto.

"Receivable" means the indebtedness and other obligations owed to the Company or any Subsidiary of the Company (at the time it arises, and before giving effect to any transfer or conveyance contemplated under any Securitization Facility documentation) or in which such Person has a security interest or other interest, 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, 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.

"Register" has the meaning specified in Section 2.7(b) (Evidence of Debt).

"Reimbursement Date" has the meaning specified in Section 2.4(h) (Letters of Credit).

"Reimbursement Obligations" means, as and when matured, the obligation of the applicable Borrower to pay, on the date payment is made or scheduled to be made to the beneficiary under each such Letter of Credit (or at such earlier date as may be specified in the applicable Letter of Credit Reimbursement Agreement), all amounts of each draft and other requests for payments drawn under Letters of Credit, and all other matured reimbursement or repayment obligations of the applicable Borrower to any Issuer with respect to amounts drawn under Letters of Credit, in each case, until the Reimbursement Date, in the currency drawn (or in such other currency as may be specified in the applicable Letter of Credit Reimbursement Agreement) and, thereafter, the Dollar Equivalent thereof.

"Related Documents" means the Spin-off Documents, and when such documents are executed and delivered, the Senior Unsecured Facility Documents, the Senior Notes, the Senior Note Indenture, all agreements entered into by the Company or any of their respective affiliates in connection with the Transactions and each other document and instrument executed with respect to either thereof.

"Related Obligations" has the meaning specified in Section 10.12 (Collateral Matters Relating to Related Obligations).

"Related Security" means, with respect to any Receivable, all of the applicable Securitization Subsidiary's interest in the inventory and goods (including returned or repossessed inventory or goods), if any, the financing or lease of which by the Company or the applicable Subsidiary of the 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, all of the applicable Securitization Subsidiaries' right, title and interest in, to and under the applicable Securitization Facility documentation.

"Release" means, with respect to any Person, any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration, in each case, of any Contaminant into the indoor or outdoor environment or into or out of any property owned, leased or operated by such Person, including the movement of Contaminants through or in the air, soil, surface water, ground water or property.

"Remedial Action" means all actions required to (a) clean up, remove, treat or in any other way address any Contaminant in the indoor or outdoor environment, (b) prevent the Release or threat of Release or minimize the further Release so that a Contaminant does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment or (c) perform pre-remedial studies and investigations and post-remedial monitoring and care.

"Requirement of Law" means, with respect to any Person, the common law and all federal, state, provincial, local and foreign laws, treaties, rules and regulations, orders, judgments, decrees and other determinations of, concessions, grants, franchises, licenses and other Contractual Obligations with, any Governmental Authority or arbitrator, applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Requisite Canadian Term Lenders" means, collectively, Canadian Term Lenders having more than 50% of the aggregate outstanding amount of the Canadian Term Commitments or, after the Closing Date, more than fifty percent (50%) of the principal amount of all Canadian Term Loans then outstanding.

"Requisite Lenders" means, collectively, Lenders having more than fifty percent (50%) of the sum of the Dollar Equivalent of (a) the aggregate outstanding amount of the Multi-Currency Commitments or, after the Revolving Credit Termination Date, the Multi-Currency Outstandings, (b) the aggregate outstanding amount of the Canadian Dollar Commitments or, after the Revolving Credit Termination Date, the Canadian Dollar Outstandings, (c) the aggregate outstanding amount of the U.S. Term Commitments or, after the Closing Date, the aggregate principal amount of all U.S. Term Loans then outstanding and (d) the aggregate outstanding amount of the Canadian Term Commitments or, after the Closing Date, the aggregate principal amount of all Canadian Term Loans then outstanding. A Non-Funding Lender shall not be included in the calculation of "Requisite Lenders."

"Requisite Revolving Credit Lenders" means, collectively, Lenders having more than fifty percent (50%) of the sum of the Dollar Equivalent of (a) the aggregate outstanding amount of the Multi-Currency Commitments or, after the Revolving Credit Termination Date, the Multi-Currency Outstandings and (b) the aggregate outstanding amount of the Canadian Dollar Commitments or, after the Revolving Credit Termination Date, the Canadian Dollar

Outstandings. A Non-Funding Lender shall not be included in the calculation of "Requisite Revolving Credit Lenders."

"Requisite Term Loan Lenders" means, collectively, Term Loan Lenders having more than 50% of the aggregate outstanding amount of the Term Loan Commitments or, after the Closing Date, more than fifty percent (50%) of the principal amount of all Term Loans then outstanding.

"Requisite U.S. Term Lenders" means, collectively, U.S. Term Lenders having more than 50% of the aggregate outstanding amount of the U.S. Term Commitments or, after the Closing Date, more than fifty percent (50%) of the principal amount of all U.S. Term Loans then outstanding.

"Responsible Officer" means, 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, treasurer or controller of such Person.

"Restricted Payment" means (a) any dividend, distribution or any other payment whether direct or indirect, on account of any Stock or Stock Equivalent of the Company or any of its Subsidiaries now or hereafter outstanding and (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Stock or Stock Equivalent of the Company or any of its Subsidiaries now or hereafter outstanding.

"Revolving Credit Borrowing" means any Multi-Currency Borrowing or any Canadian Dollar Borrowing.

"Revolving Credit Commitment" means the Multi-Currency Commitments and the Canadian Dollar Commitments.

"Revolving Credit Facilities" means the Multi-Currency Facility and the Canadian Dollar Facility.

"Revolving Credit Lender" means each Lender having a Multi-Currency Commitment or a Canadian Dollar Commitment.

"Revolving Credit Note" means a promissory note of any Borrower payable to the order of any Revolving Credit Lender in a principal amount equal to the amount of such Revolving Credit Lender's Multi-Currency Commitment or Canadian Dollar Commitment, as the case may be, evidencing the aggregate Indebtedness of such Borrower to such Revolving Credit Lender resulting from the Revolving Loans (and, if such Lender is also a Swing Loan Lender, Swing Loans) owing to such Revolving Credit Lender.

"Revolving Credit Outstandings" means, at any particular time, the sum of (a) the Multi-Currency Outstandings and (b) the Canadian Dollar Outstandings.

"Revolving Credit Termination Date" shall mean the earliest of (a) the Scheduled Termination Date, (b) the date of termination of all of the Revolving Credit Commitments pursuant to Section 2.5 (Reduction and Termination of the Commitments) and (c) the date on which the Obligations become due and payable pursuant to Section 9.2 (Remedies).

"Revolving Loan" means the Multi-Currency Loans and the Canadian Dollar Loans.

"S&P" means Standard & Poor's Rating Services.

"Sarbanes-Oxley Act" means the United States Sarbanes-Oxley Act of 2002.

"Scheduled Termination Date" means the fifth anniversary of the Closing Date.

"Secured Intercompany Note" means any Intercompany Note issued by any Subsidiary of the Company that is secured on a pari passu basis with all other Intercompany Notes issued by such Subsidiary by substantially all of the assets of such Subsidiary pursuant to one or more Collateral Documents, each in form and substance reasonably satisfactory to the Administrative Agent.

"Secured Obligations" means (a) in the case of each Borrower, the Obligations, and (b) in the case of any Guarantor or other Loan Party, the obligations of such Loan Party under each Guaranty and the other Loan Documents (including any Pledged Intercompany Note) to which it is a party, together with, in the case of both clause (a) and (b) above, (x) all the Cash Management Obligations of each Subsidiary of the Company that is not a Loan Party, and (y) all obligations of each Subsidiary of the Company that is not a Loan Party under Hedging Contracts that are Loan Documents.

"Secured Parties" means the Lenders, the Issuers, the Administrative Agent and any other holder of any Secured Obligation.

"Securities Account" has the meaning given to such term in the UCC.

"Securities Account Control Agreement" has the meaning specified in the Pledge and Security Agreement.

"Securitization Assets" means all existing or hereafter acquired or arising (i) Receivables of the Company or any of its Subsidiaries that are sold, assigned or otherwise transferred pursuant to a Securitization Facility, (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 which have been specifically identified and consented to by the Administrative Agent, and (v) all other rights and payments which relate solely to such Receivables.

"Securitization Facility" means each transaction or series of related transactions that effect the securitization of Receivables of a Person.

"Securitization Subsidiary" means any special purpose financial subsidiary established by the Company or one of its Subsidiaries for the sole purpose of consummating one or more Securitization Facilities and in respect of which neither the Company nor any such Subsidiary has any obligation to maintain or preserve such Securitization Subsidiary's financial condition or cause such Securitization Subsidiary to achieve specified levels of operating results.

"Security" means any Stock, Stock Equivalent, voting trust certificate, bond, debenture, note or other evidence of Indebtedness, whether secured, unsecured, convertible or subordinated, or any certificate of interest, share or participation in, any temporary or interim certificate for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing, but shall not include any evidence of the Obligations.

"Seller Note" means, collectively, the unsecured notes, in form and substance satisfactory to the Administrative Agent, issued by the Company and one or more of its Subsidiaries to Alcan and one or more of its Subsidiaries on the Closing Date and subject to an intercreditor agreement between Alcan and the Administrative Agent, on behalf of the Secured Parties, in form and substance satisfactory to the Administrative Agent.

"Selling Lender" has the meaning specified in Section 11.7 (Sharing of Payments, Etc.).

"Senior Notes" means the unsecured debt securities of the Company, in an aggregate principal amount of up to $1,400,000,000, the terms and conditions of which are reasonably satisfactory to the Administrative Agent.

"Senior Unsecured Credit Agreement" means the Senior Unsecured Credit Agreement, dated the date hereof, among the Company, Citicorp, Morgan Stanley and UBS.

"Senior Unsecured Exchange Securities" means the "Exchange Securities" as defined in the Senior Unsecured Credit Agreement.

"Senior Unsecured Fixed Rate Exchange Securities" means the "Fixed Rate Exchange Securities" as defined in the Senior Unsecured Credit Agreement.

"Senior Unsecured Facility" means the provisions in the Senior Unsecured Credit Agreement related to the commitments, loans and other extension of credit made thereunder.

"Senior Unsecured Facility Documents" means the Senior Unsecured Credit Agreement, each Guaranty Obligation in respect thereof and all other documents executed and delivered with respect to the Senior Unsecured Facility.

"Significant Subsidiary" means any "significant subsidiary" of the Company (as defined in Rule l-02 of Regulation S-X of the Securities Act of 1933).

"Solvent" means, with respect to any Person as of any date of determination, that, as of such date, (a) the value of the assets of such Person (both at fair value and present fair saleable value) is greater than the total amount of liabilities (including contingent and unliquidated liabilities) of such Person, (b) such Person is able to pay all liabilities of such Person as such liabilities mature in the ordinary course of business and (c) such Person does not have unreasonably small capital. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities shall be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Special Purpose Vehicle" means any special purpose funding vehicle identified as such in writing by any Lender to the Administrative Agent.

"Spin-off" means the transactions contemplated by the Spin-Off Documents and the plan of arrangement under section 192 of the Canada Business Corporations Act whereby the Company will (i) own, directly or indirectly through its subsidiaries, the Business, (ii) issue all of its outstanding capital stock to Alcan's shareholders and (iii) make payments, directly or indirectly through its subsidiaries, to Alcan in an aggregate amount of up to $2,700,000,000.

"Spin-Off Documents" means the Separation Agreement, dated as of December 31, 2005 and effective as of January 6, 2005, between Alcan and the Company, the Plan of Arrangement (as defined therein), the Ancillary Agreements (as defined therein), Seller Notes and each of the other documents set forth in the Closing Agenda for Project Archer, dated December 31, 2004.

"Standby Letter of Credit" means any Letter of Credit that is not a Documentary Letter of Credit.

"Sterling" and the sign "(pound)" each mean the lawful money of United Kingdom.

"Stock" means shares of capital stock (whether denominated as common stock or preferred stock), beneficial, partnership or membership interests, participations or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity, whether voting or non-voting.

"Stock Equivalents" means all securities convertible into or exchangeable for Stock and all warrants, options or other rights to purchase or subscribe for any Stock, whether or not presently convertible, exchangeable or exercisable.

"Subordinated Debt" means any Indebtedness that is subordinated to the payment in full of the Obligations on terms reasonably satisfactory to the Administrative Agent.

"Subsidiary" means, with respect to any Person, any corporation, partnership, limited liability company or other business entity of which an aggregate of 50% or more of the outstanding Voting Stock is, at the time, directly or indirectly, owned or controlled by such Person or one or more Subsidiaries of such Person.

"Subsidiary Guarantor" means each Subsidiary of the Company party to or that becomes party to a Guaranty.

"Substitute Institution" has the meaning specified in Section 2.17 (Substitution of Lenders).

"Substitution Notice" has the meaning specified in Section 2.17 (Substitution of Lenders).

"Swing Loan" means each of the U.S. Swing Loans, the U.K. Swing Loans and the Swiss Swing Loans.

"Swing Loan Allocation" means, with respect to each Swing Loan Lender, a percentage of the Swing Loan Sublimit allocated to such Swing Loan Lender by the Administrative Agent and accepted by such Swing Loan Lender and means, as of the Closing Date, (a) in the case of Citicorp, 50%, (b) in the case of Morgan Stanley, 25% and (c) in the case of UBS, 25%.

"Swing Loan Lender" means (a) Citicorp, Morgan Stanley and UBS (or, in each case, an Affiliate thereof as deemed appropriate by such Lender) or (b) any other Multi-Currency Lender that, with the approval of the Administrative Agent, agrees to act as a Swing Loan Lender hereunder.

"Swing Loan Request" has the meaning specified in Section 2.3(b) (Swing Loans).

"Swing Loan Sublimit" means $100,000,000.

"Swiss Borrower" has the meaning specified in the preamble to this Agreement.

"Swiss Swing Loan" has the meaning specified in Section 2.3(a) (Swing Loans).

"Syndication Agent" means Morgan Stanley and UBS, each in their respective capacity as co-syndication agents for the Lenders and the Issuers.

"Tax Affiliate" means, with respect to any Person, (a) any Subsidiary of such Person and (b) any entity for whose taxes such Person is or could be liable, whether by reason of being a member of an affiliated, consolidated, combined or unitary or similar group for tax purposes, by reason of being a successor or member, by agreement or otherwise.

"Tax Returns" has the meaning specified in Section 4.8(a) (Taxes).

"Taxes" has the meaning specified in Section 2.16(a) (Taxes).

"Term Loan" means each of the U.S. Term Loans and the Canadian Term Loans.

"Term Loan Borrowing" means a borrowing consisting of Term Loans made on the same day by the Term Loan Lenders ratably according to their respective Term Loan Commitments.

"Term Loan Commitment" means each of the U.S. Term Commitments and the Canadian Term Commitments.

"Term Loan Facility" means the Term Loan Commitments and the provisions herein related to the Term Loans.

"Term Loan Lender" means each Lender that has a Term Loan Commitment or that holds a Term Loan.

"Term Loan Maturity Date" means seventh anniversary of the Closing Date.

"Term Loan Note" means a promissory note of the Borrower payable to the order of any Term Loan Lender in a principal amount equal to the amount of the Term Loan owing to such Lender.

"Title IV Plan" means a defined benefit pension plan, other than a Multiemployer Plan, covered by Title IV of ERISA or any non-United States laws that require funding of such plan's accrued liabilities and to which the Company, any of its Subsidiaries or any ERISA Affiliate has any obligation or liability, contingent or otherwise.

"Transactions" means the transactions contemplated in connection with the Spin-off, the issuance of the Seller Note, the closing and initial funding of the Facilities, the closing and the initial funding of the Senior Unsecured Facility or the issuance of the Senior Notes and the consummation of the other transactions contemplated hereby and thereby.

"UBS" means UBS Loan Finance LLC.

"UCC" has the meaning specified in the Pledge and Security Agreement.

"U.K. Borrower" has the meaning specified in the preamble to this Agreement.

"U.K. Swing Loan" has the meaning specified in Section 2.3(a) (Swing Loans).

"Unused Commitment Fee" has the meaning specified in Section 2.12(a) (Unused Commitment Fee).

"U.S. Base Rate" means, for any period, a fluctuating interest rate per annum as shall be in effect from time to time, which rate per annum shall be equal at all times to the higher of the following:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate; and

(b) 0.5% per annum plus the Federal Funds Rate.

"U.S. Base Rate Loan" means any Swing Loan or any other Loan during any period in which it bears interest based on the U.S. Base Rate.

"U.S. Borrower" has the meaning specified in the preamble to this Agreement.

"U.S./Canadian Loan Party" means the U.S. Borrower, the Canadian Borrower and any other Loan Party organized under the laws of a state or province of the United States or Canada.

"U.S. Lender" means each Lender or Issuer (or the Administrative Agent) that is a U.S. Person.

"U.S. Lending Office" means, with respect to any Lender, the office of such Lender specified as its "U.S. Lending Office" opposite its name on Schedule II (Applicable Lending Offices and Addresses for Notices) or on the Assignment and Acceptance by which it

became a Lender or such other office of such Lender as such Lender may from time to time specify to the Borrowers and the Administrative Agent.

"U.S. Person" means any "United States person" under and as defined in Section 770 l(a)(30) of the Code.

"U.S. Swing Loan" has the meaning specified in Section 2.3(a) (Swing Loans).

"U.S. Term Commitment" means, with respect to each U.S. Term Lender, the commitment of such Lender to make U.S. Term Loans to the U.S. Borrower in the aggregate principal amount outstanding not to exceed the amount set forth opposite such Lender's name on Schedule I (Commitments) under the caption "U.S. Term Loan Commitment" as amended to reflect each Assignment and Acceptance executed by such Lender and as such amount may be reduced pursuant to this Agreement, and "U.S. Term Commitments" shall mean the aggregate U.S. Term Commitments of all U.S. Term Lenders, which amount, initially as of the Closing Date, shall be $825,000,000.

"U.S. Term Lender" means each Lender that has a U.S. Term Commitment or that holds a U.S. Term Loan.

"U.S. Term Loan" has the meaning specified in Section 2.1 (The Commitments).

"Voting Stock" means Stock of any Person having ordinary power to vote in the election of members of the board of directors, managers, trustees or other controlling Persons, of such Person (irrespective of whether, at the time, Stock of any other class or classes of such entity shall have or might have voting power by reason of the happening of any contingency).

"Wholly-Owned Subsidiary" of any Person means any Subsidiary of such Person, all of the Stock of which (other than director's or other qualifying shares, as may be required by law) is owned by such Person, either directly or indirectly through one or more Wholly-Owned Subsidiaries of such Person.

"Withdrawal Liability" means, with respect to the Company or any of its Subsidiaries at any time, the aggregate liability incurred (whether or not assessed) with respect to all Multiemployer Plans pursuant to Section 4201 of ERISA or for increases in contributions required to be made pursuant to Section 4243 of ERISA or any substantially similar event under applicable non-United States laws.

"Working Capital" means, for any Person at any date, the amount, if any, by which the Consolidated Current Assets of such Person at such date exceeds the Consolidated Current Liabilities of such Person at such date.

SECTION 1.2 COMPUTATION OF TIME PERIODS

In this Agreement, in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding" and the word "through" means "to and including."

SECTION 1.3 ACCOUNTING TERMS AND PRINCIPLES

(a) Except as set forth below, all accounting terms not specifically defined herein shall be construed in conformity with GAAP and all accounting determinations required to be made pursuant hereto (including for purpose of measuring compliance with Article V (Financial Covenants)) shall, unless expressly otherwise provided herein, be made in conformity with GAAP.

(b) If any change in the accounting principles used in the preparation of the most recent Financial Statements referred to in Section 6.1 (Financial Statements) is hereafter required or permitted by the rules, regulations, pronouncements and opinions of the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or any successors thereto) and such change is adopted by the Company with the agreement of the Company's Accountants and results in a change in any of the calculations required by Article V (Financial Covenants) or VIII (Negative Covenants) that would not have resulted had such accounting change not occurred, the parties hereto agree to enter into negotiations in good faith in order to amend such provisions so as to equitably reflect such change such that the criteria for evaluating compliance with such covenants by the Borrowers shall be the same after such change as if such change had not been made; provided, however, that no change in GAAP that would affect a calculation that measures compliance with any covenant contained in Article V (Financial Covenants) or VIII (Negative Covenants) shall be given effect until such provisions are amended to reflect such changes in GAAP.

(c) For purposes of making all financial calculations to determine compliance with Article V (Financial Covenants), all components of such calculations shall be adjusted to include or exclude, as the case may be, without duplication, such components of such calculations attributable to any business or assets that have been acquired by the Company or any of its Subsidiaries (including through Permitted Acquisitions) after the first day of the applicable period of determination and prior to the end of such period, as determined in good faith by the Company on a Pro Forma Basis.

(d) For purposes of this Agreement, all references to the Company and its Subsidiaries relating to any period prior to the consummation of the Spin-off, shall be to the Business.

SECTION 1.4 CONVERSION OF CURRENCIES

(a) Financial Covenant Debt. Financial Covenant Debt denominated in any currency other than Dollars shall be calculated using the Dollar Equivalent thereof as of the date of the Financial Statements on which such Financial Covenant Debt is reflected.

(b) Dollar Equivalents. The Administrative Agent shall determine the Dollar Equivalent of any amount as required hereby, and a determination thereof by the Administrative Agent shall be conclusive absent manifest error. The Administrative Agent may, but shall not be obligated to, rely on any determination made by any Loan Party in any document delivered to the Administrative Agent. The Administrative Agent may determine or redetermine the Dollar Equivalent of any amount on any date either in its own discretion or upon the request of any Lender or Issuer.

(c) Rounding-Off. The Administrative Agent may set up appropriate rounding off mechanisms or otherwise round-off amounts hereunder to the nearest higher or lower amount in whole Dollar or cent to ensure amounts owing by any party hereunder or that otherwise need to be calculated or converted hereunder are expressed in whole Dollars or in whole cents, as may be necessary or appropriate.

SECTION 1.5 CERTAIN TERMS

(a) The terms "herein," "hereof," "hereto" and "hereunder" and similar terms refer to this Agreement as a whole and not to any particular Article, Section, subsection or clause in, this Agreement.

(b) Unless otherwise expressly indicated herein, (i) references in this Agreement to an Exhibit, Schedule, Article, Section, clause or sub-clause refer to the appropriate Exhibit or Schedule to, or Article, Section, clause or sub-clause in this Agreement and (ii) the words "above" and "below", when following a reference to a clause or a sub-clause of any Loan Document, refer to a clause or sub-clause within, respectively, the same Section or clause.

(c) Each agreement defined in this Article I shall include all appendices, exhibits and schedules thereto. Unless the prior written consent of the Requisite Lenders is required hereunder for an amendment, restatement, supplement or other modification to any such agreement and such consent is not obtained, references in this Agreement to such agreement shall be to such agreement as so amended, restated, supplemented or modified.

(d) References in this Agreement to any statute shall be to such statute as amended or modified from time to time and to any successor legislation thereto, in each case as in effect at the time any such reference is operative.

(e) The term "including" when used in any Loan Document means "including without limitation" except when used in the computation of time periods.

(f) The terms "Lender," "Issuer" and "Administrative Agent" include, without limitation, their respective permitted successors.

(g) Upon the appointment of any successor Administrative Agent pursuant to Section 10.7 (Successor Administrative Agent), references to Citicorp in Section 10.4 (The Agent as Lenders) and to Citibank in the definitions of Dollar Equivalent and U.S. Base Rate shall be deemed to refer to the financial institution then acting as the Administrative Agent or one of its Affiliates if it so designates.

ARTICLE II

THE FACILITIES

SECTION 2.1 THE COMMITMENTS

(a) Revolving Credit Commitments.

(i) Multi-Currency Commitments. On the terms and subject to the conditions contained in this Agreement, each Multi-Currency Lender severally agrees to

make loans (A) in Dollars to the U.S. Borrower (each a "Dollar Loan") or (B) in Euros to the German Borrower (each a "Euro Loan") from time to time on any Business Day during the period from the date hereof until the Revolving Credit Termination Date in an aggregate principal amount at any time outstanding for all such loans by such Multi-Currency Lender not to exceed such Multi-Currency Lender's Multi-Currency Commitment; provided, however, that at no time shall any Multi-Currency Lender be obligated to make a Multi-Currency Loan in excess of such Multi-Currency Lender's Ratable Portion of the Multi-Currency Available Credit; provided, further, that at no time shall any Multi-Currency Lender be obligated to make a Euro Loan in excess of such Multi-Currency Lender's Ratable Portion of the Euro Available Credit. Within the limits of the Multi-Currency Commitment of each Multi-Currency Lender, the Multi-Currency Available Credit and the Euro Available Credit, amounts of Dollar Loans repaid may be reborrowed by the U.S. Borrower and amounts of Euro Loans repaid may be reborrowed by the German Borrower under this Section 2.1(a)(i).

(ii) Canadian Dollar Commitments. On the terms and subject to the conditions contained in this Agreement, each Canadian Dollar Lender severally agrees to make loans in Canadian Dollars (each a "Canadian Dollar Loan") to the Canadian Borrower from time to time on any Business Day during the period from the date hereof until the Revolving Credit Termination Date in an aggregate principal amount at any time outstanding for all such loans by such Canadian Dollar Lender not to exceed such Canadian Dollar Lender's Canadian Dollar Commitment; provided, however, that at no time shall any Canadian Dollar Lender be obligated to make a Canadian Dollar Loan in excess of such Canadian Dollar Lender's Ratable Portion of the Canadian Dollar Available Credit. Within the limits of the Canadian Dollar Commitment of each Canadian Dollar Lender and the Canadian Dollar Available Credit, amounts of Canadian Dollar Loans repaid may be reborrowed by the Canadian Borrower under this Section 2.1(a)(ii).

(b) Term Loan Commitments.

(i) U.S. Term Commitments. On the terms and subject to the conditions contained in this Agreement, each U.S. Term Lender severally agrees to make a loan (each a "U.S. Term Loan") in Dollars to the U.S. Borrower on the Closing Date, in an amount not to exceed such Lender's U.S. Term Commitment. Amounts of U.S. Term Loans prepaid may not be reborrowed.

(ii) Canadian Term Commitments. On the terms and subject to the conditions contained in this Agreement, each Canadian Term Lender severally agrees to make a loan (each a "Canadian Term Loan") in Dollars to the Canadian Borrower on the Closing Date, in an amount not to exceed such Lender's Canadian Term Commitment. Amounts of Canadian Term Loans prepaid may not be reborrowed.

SECTION 2.2 BORROWING PROCEDURES

(a) Revolving Credit Borrowings.

(i) Multi-Currency Facility. Each Dollar Borrowing shall be made on notice given by the U.S. Borrower to the Administrative Agent not later than 12:00 noon (New York time) (i) one Business Day, in the case of a Borrowing of U.S. Base

Rate Loans and (ii) three Business Days, in the case of a Borrowing of Eurocurrency Rate Loans, prior to the date of the proposed Borrowing. Each Euro Borrowing shall be made on notice given by the German Borrower to the Administrative Agent not later than 12:00 noon (Local Time) three Business Days prior to the date of the proposed Borrowing. Each such notice shall be in substantially the form of Exhibit C (Form of Notice of Borrowing) (a "Notice of Borrowing") and shall specify (A) the date of such proposed Borrowing, (B) the aggregate amount of such proposed Borrowing (1) in the case of the U.S. Borrower, denominated in Dollars and (2) in the case of the German Borrower, denominated in Euros, (C) in the case of any Dollar Borrowing, whether any portion of the proposed Borrowing will be of Base Rate Loans or Eurocurrency Rate Loans, (D) for each Eurocurrency Rate Loan, the initial Interest Period or Interest Periods thereof and (E) the applicable Borrower's Available Credit (after giving effect to the proposed Borrowing). Dollar Loans shall be made as Base Rate Loans unless, subject to Section 2.14 (Special Provisions Governing Eurocurrency Rate Loans and BA Rate Loans), the Notice of Borrowing specifies that all or a portion thereof shall be Eurocurrency Rate Loans. Each Borrowing shall be in an aggregate amount of not less than the Minimum Currency Threshold.

(ii) Canadian Facility. Each Borrowing of Canadian Dollar Loans shall be made on a Notice of Borrowing given by the Canadian Borrower to the Administrative Agent not later than (i) in the case of a Borrowing of Canadian Base Rate Loans, 12:00 noon (New York time) one Business Day prior to the date of the proposed Borrowing and (ii) in the case of a Borrowing of BA Rate Loans, 12:00 noon (New York time) three Business Days prior to the date of the proposed Borrowing. Each such Notice of Borrowing shall specify (A) the date of such proposed Borrowing, (B) the aggregate amount of such proposed Borrowing denominated in Canadian Dollars, (C) whether any portion thereof will be of Canadian Base Rate Loans or BA Rate Loans, (D) the BA Interest Period or Interest Periods for any such BA Rate Loans and (E) such Borrower's Available Credit (after giving effect to the proposed Borrowing). The Canadian Dollar Loans shall be made as Canadian Base Rate Loans unless, subject to Section 2.14 (Special Provisions Governing Eurocurrency Rate Loans and BA Rate Loans) the Notice of Borrowing specifies that all or a portion thereof shall be BA Rate Loans. Each Borrowing shall be in an aggregate amount of not less than the Minimum Currency Threshold.

(b) Term Loan Borrowings. All Term Loan Borrowings shall be made on the Closing Date upon receipt of a Notice of Borrowing given by the applicable Borrower to the Administrative Agent not later than 12:00 noon (New York time) (i) one Business Day prior to the Closing Date, in the case of Base Rate Loans and (ii) three Business Days prior to the Closing Date, in the case of a Borrowing of Eurocurrency Rate Loans. The Notice of Borrowing shall specify (A) the Closing Date, (B) the aggregate amount of such proposed Borrowing denominated in Dollars, (C) whether any portion of the proposed Borrowings will be Base Rate Loans or Eurocurrency Rate Loans and (D) the initial Interest Period or Interest Periods for any such Eurocurrency Rate Loans. Term Loans shall be made as Base Rate Loans unless, subject to Section 2.14 (Special Provisions Governing Eurocurrency Rate Loans and BA Rate Loans), the Notice of Borrowing specifies that all or a portion thereof shall be Eurocurrency Rate Loans. Each such Term Loan Borrowing shall be in an aggregate amount of not less than the Minimum Currency Threshold.

(c) The Administrative Agent shall give to each applicable Lender prompt notice of the Administrative Agent's receipt of a Notice of Borrowing and, if Eurocurrency Rate Loans or BA Rate Loans are properly requested in such Notice of Borrowing, the applicable interest rate determined pursuant to Section 2.14(a) (Determination of Interest Rate). Each Lender shall, before 11:00 a.m. (Local Time) on the date of the proposed Borrowing, make available to the Administrative Agent at its address referred to in Section 11.8 (Notices, Etc.), in immediately available funds, such Lender's Ratable Portion of such proposed Borrowing. Upon fulfillment (or due waiver in accordance with Section 11.1 (Amendments, Waivers, Etc.)) (i) on the Closing Date, of the applicable conditions set forth Section 3.1 (Conditions Precedent to Initial Loans and Letters of Credit) and (ii) at any time (including the Closing Date), of the applicable conditions set forth in Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit), and after the Administrative Agent's receipt of such funds, the Administrative Agent shall make such funds available to the applicable Borrower.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any proposed Borrowing that such Lender will not make available to the Administrative Agent such Lender's Ratable Portion of such Borrowing (or any portion thereof), the Administrative Agent may assume that such Lender has made such Ratable Portion available to the Administrative Agent on the date of such Borrowing in accordance with this Section 2.2 and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such Ratable Portion available to the Administrative Agent, such Lender and the applicable Borrower severally agree 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 the applicable Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of a Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, the Interbank Rate for the first Business Day and thereafter at the interest rate applicable at the time to the Loans comprising such Borrowing. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement. If the applicable Borrower shall repay to the Administrative Agent such corresponding amount, such payment shall not relieve such Lender of any obligation it may have hereunder to such Borrower.

(e) The failure of any Lender to make on the date specified any Loan or any payment required by it (such Lender, during the period of such failure, being a "Non-Funding Lender"), including any payment in respect of its participation in Swing Loans and Letter of Credit Obligations, shall not relieve any other Lender of its obligations to make such Loan or payment on such date but no such other Lender shall be responsible for the failure of any Non-Funding Lender to make a Loan or payment required under this Agreement.

SECTION 2.3 SWING LOANS

(a) Swing Loans. On the terms and subject to the conditions contained in this Agreement, each Swing Loan Lender severally agrees to make loans (i) in Dollars to the U.S. Borrower (each a "U.S. Swing Loan"), (ii) in Sterling or Euros to the U.K. Borrower (each a "U.K. Swing Loan") and (iii) in Francs or Euros to the Swiss Borrower (each a "Swiss Swing Loan") otherwise available to such Borrower under the Multi-Currency Facility from time to time on any Business Day during the period from the date hereof until the Revolving Credit Termination Date in an aggregate principal amount at any time outstanding (together with the

aggregate outstanding principal amount of any other Swing Loan made by such Swing Loan Lender hereunder in its capacity as a Swing Loan Lender) not to exceed such Swing Loan Lender's Swing Loan Allocation of the Swing Loan Sublimit; provided, however, that at no time shall any Swing Loan Lender make a Swing Loan to the extent that, after giving effect to such Swing Loan, the Dollar Equivalent of the principal amount of the Swing Loans outstanding at such time would exceed the Swing Loan Sublimit or the aggregate Multi-Currency Outstandings would exceed the then effective aggregate Multi-Currency Commitments. Each U.S. Swing Loan shall be a Base Rate Loan and must be repaid in full within seven days after its making or, if sooner, upon any Dollar Borrowing hereunder. Each of the U.K. Swing Loans and the Swiss Swing Loans shall be a Eurocurrency Rate Loan. Each Swing Loan shall in any event mature no later than the Revolving Credit Termination Date. Within the limits set forth in the first sentence of this clause (a), amounts of Swing Loans repaid may be reborrowed under this clause (a). Each Borrowing shall be in an aggregate amount of not less than the applicable Minimum Currency Threshold.

(b) In order to request a Swing Loan, the applicable Borrower shall telecopy (or forward by electronic mail or similar means) to the Administrative Agent a duly completed request, in substantially the form of Exhibit D (Form of Swing Loan Request) (each a "Swing Loan Request"), (i) in the case of the U.S. Borrower, setting forth the requested amount in Dollars and the date of such Swing Loan, to be received by the Administrative Agent not later than 11:00 a.m. (Local Time) on the day of the proposed Borrowing and (ii) (A) in the case of the U.K. Borrower, setting forth the requested amount in Sterling or Euros and the date of such Swing Loan and (B) in the case of the Swiss Borrower, setting forth the requested amount in Francs or Euros and the date of such Swing Loan, in each case, to be received by the Administrative Agent not later than 12:00 noon (Local Time) three Business Days prior to the day of the proposed Borrowing. The Administrative Agent shall promptly notify each Swing Loan Lender of the details of the requested Swing Loan. Subject to the terms of this Agreement, each Swing Loan Lender shall make a Swing Loan in an amount equal to such Lender's Swing Loan Allocation of the requested Borrowing in the applicable currency available to the Administrative Agent not later than 1:00 noon (Local Time) on the date of the proposed Borrowing and, in turn, the Administrative Agent shall make such amounts available to the applicable Borrower. No Swing Loan Lender shall make any Swing Loan in the period commencing on the first Business Day after it receives written notice from the Administrative Agent or any Revolving Credit Lender that one or more of the conditions precedent contained in Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit) shall not on such date be satisfied, and ending when such conditions are satisfied. No Swing Loan Lender shall otherwise be required to determine that, or take notice whether, the conditions precedent set forth in Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit) have been satisfied in connection with the making of any Swing Loan.

(c) Each Swing Loan Lender shall notify the Administrative Agent in writing (which writing may be a telecopy or electronic mail) weekly, by no later than 10:00 a.m. (New York time) on the first Business Day of each week, of the aggregate principal amount of its Swing Loans then outstanding.

(d) (i) With respect to the U.S. Swing Loans, (A) each Swing Loan Lender may demand at any time that each Multi-Currency Lender pay to the Administrative Agent, for the account of such Swing Loan Lender, in the manner provided in clause (e) below, such Multi-Currency Lender's Ratable Portion of all or a portion of the applicable U.S. Swing

Loans then outstanding, which demand shall be made through the Administrative Agent, shall be in writing and shall specify the outstanding principal amount of such Swing Loans demanded to be paid and (B) upon the occurrence of an Event of Default under Section 9.1(f) (Events of Default), each Multi-Currency Lender shall immediately acquire, without recourse or warranty, an undivided participation in each U.S. Swing Loan, by payment to the Administrative Agent, in immediately available funds, an amount equal to such Multi-Currency Lender's Ratable Portion of such Swing Loan pursuant to clause (e) below.

(ii) With respect to the U.K. Swing Loans, (A) immediately upon any Borrowing of U.K. Swing Loans in accordance with the terms and conditions of this Agreement, each Swing Loan Lender shall be deemed to have sold and transferred to each Multi-Currency Lender, and each Multi-Currency Lender shall be deemed irrevocably and unconditionally to have purchased and received from such Swing Loan Lender, without recourse or warranty, an undivided interest and participation in such U.K. Swing Loans, each of which participation shall be in a principal amount in the applicable currency equal to such Multi-Currency Lender's Ratable Portion of such U.K. Swing Loans, and (B) upon the occurrence of an Event of Default and a written notice to the Administrative Agent by any Swing Lender, each U.K. Swing Loan shall be automatically converted into a Base Rate Loan denominated in Dollars and each Multi-Currency Lender shall immediately make payments to the Administrative Agent, in immediately available funds, an amount equal to such Multi-Currency Lender's Ratable Portion of such Swing Loan pursuant to clause (e) below.

(iii) With respect to the Swiss Swing Loans, upon the occurrence of an Event of Default and a written notice to the Administrative Agent by any Swing Lender, each Swiss Swing Loan shall be automatically converted into a Base Rate Loan denominated in Dollars and each Multi-Currency Lender shall immediately acquire, without recourse or warranty, an undivided participation in each Swiss Swing Loan, by payment to the Administrative Agent, in immediately available funds, an amount equal to such Multi-Currency Lender's Ratable Portion of such Swing Loan pursuant to clause (e) below.

(e) The Administrative Agent shall forward each notice or demand referred to in clause (c) or (d) to each Multi-Currency Lender on the day such notice or such demand is received by the Administrative Agent (except that any such notice or demand received by the Administrative Agent after 2:00 p.m. (New York time) on any Business Day or any such demand received on a day that is not a Business Day shall not be required to be forwarded to the Multi-Currency Lenders by the Administrative Agent until the next succeeding Business Day), together with a statement prepared by the Administrative Agent specifying the amount (after giving effect to the currency conversion set forth in clause (d)(ii)(B) or (d)(iii) above) of each Multi-Currency Lender's Ratable Portion of the Dollar Equivalent of the aggregate principal amount of the Swing Loans stated to be outstanding in such notice or demanded to be paid pursuant to such demand, and, notwithstanding whether or not the conditions precedent set forth in Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit) and 2.1(a) (Revolving Credit Commitments) shall have been satisfied (which conditions precedent the Revolving Credit Lenders hereby irrevocably waive), each Multi-Currency Lender shall, before 11:00 a.m. (New York time) on the Business Day next succeeding the date of such Multi-Currency Lender's receipt of such notice (other than any notice delivered under clause (c) above) or demand, make available to the Administrative Agent, in immediately available funds, for the account of each Swing Loan Lender, the amount

specified in such statement. Upon such payment by a Multi-Currency Lender, such Multi-Currency Lender shall, except upon the occurrence of an Event of Default under Section 9.1(f) (Events of Default), be deemed to have made a Multi-Currency Loan to the applicable Borrower. The Administrative Agent shall use such funds to repay the Swing Loans to the applicable Swing Loan Lender. To the extent that any Multi-Currency Lender fails to make such payment available to the Administrative Agent for the account of the applicable Swing Loan Lender, the applicable Borrower shall repay the portion of such Swing Loan equal to the amount of such non-payment on demand. If all or part of such amount is not in fact made available by such Multi-Currency Lender to the applicable Swing Loan Lender on such date, such Swing Loan Lender shall be entitled to recover any such unpaid amount on demand from such Multi-Currency Lender together with interest accrued from such date at the Interbank Rate for the first Business Day after such payment was due and thereafter at the rate of interest then applicable to the U.S. Base Rate Loans.

(f) (i) From and after the date on which any Multi-Currency Lender is deemed to have made a Multi-Currency Loan or purchases an undivided participation interest with respect to any Swing Loan pursuant to clause (e) above, each Swing Loan Lender shall promptly distribute to such Multi-Currency Lender such Multi-Currency Lender's Ratable Portion of all payments of principal of and interest received by such Swing Loan Lender on account of such Swing Loan (other than those received from a Multi-Currency Lender pursuant to clause (e) above).

(ii) In the case of any U.K. Swing Loan, from and after the date on which any Multi-Currency Lender is deemed to have purchased an undivided participation interest in such Swing Loan pursuant to clause (d)(ii) above, each Swing Loan Lender shall make available, in immediately available funds denominated in Dollars, to the Administrative Agent, not later than 11:00 a.m. (New York time) on the Business Day next succeeding the date of such Swing Loan Lender's receipt from the U.K. Borrower of any payment of interest on such Swing Loan, an amount equal to the Dollar Equivalent (at the rate of exchange then obtainable by such Swing Lender) of the portion of such payment constituting the Applicable Margin with respect to such Swing Loan, and the Administrative Agent shall distribute to each Multi-Currency Lender such Multi-Currency Lender's Ratable Portion of such payment received from such Swing Lender.

SECTION 2.4 LETTERS OF CREDIT

(a) On the terms and subject to the conditions contained in this Agreement, each Issuer agrees to Issue at the request of the U.S. Borrower or the German Borrower and for the account of such Borrower (or for the account of such Borrower and another Subsidiary of the Company) one or more Letters of Credit from time to time on any Business Day during the period commencing on the Closing Date and ending on the earlier of the Revolving Credit Termination Date and 30 days prior to the Scheduled Termination Date; provided, however, that no Issuer shall be under any obligation to Issue (and, upon the occurrence of any of the events described in clauses (ii), (iii), (iv), (v), and (vi)(A) below, shall not Issue) any Letter of Credit upon the occurrence of any of the following:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall purport by its terms to enjoin or restrain such Issuer from Issuing such Letter of Credit or any Requirement of Law applicable to such Issuer or any request or

directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuer shall prohibit, or request that such Issuer refrain from, the Issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuer with respect to such Letter of Credit any restriction or reserve or capital requirement (for which such Issuer is not otherwise compensated) not in effect on the date of this Agreement or result in any unreimbursed loss, cost or expense that was not applicable, in effect or known to such Issuer as of the date of this Agreement and, in each case, such Issuer in good faith deems such restriction, reserve, capital requirement, unreimbursed loss, cost or expense material to such Issuer;

(ii) such Issuer shall have received any written notice of the type described in clause (d) below;

(iii) after giving effect to the Issuance of such Letter of Credit, the aggregate Multi-Currency Outstandings would exceed the aggregate Multi-Currency Commitments in effect at such time;

(iv) after giving effect to the Issuance of such Letter of Credit, the sum of (i) the Dollar Equivalents of the Letter of Credit Undrawn Amounts at such time and (ii) the Dollar Equivalents of the Reimbursement Obligations at such time for all Letters of Credit issued by such Issuer exceeds such Issuer's Letter of Credit Allocation of the Letter of Credit Sublimit;

(v) (A) such Letter of Credit is requested to be denominated in any Alternative Currency and the Issuer receives written notice from the Administrative Agent at or before 11:00 a.m. (New York time) on the date of the proposed Issuance of such Letter of Credit that, immediately after giving effect to the Issuance of such Letter of Credit, all Letter of Credit Obligations at such time in respect of each Letter of Credit denominated in currencies other than Dollars would exceed $50,000,000 or (B) such Letter of Credit is requested to be denominated in any currency other than Dollars or an Alternative Currency; or

(vi) (A) any fees due in connection with a requested Issuance have not been paid, (B) such Letter of Credit is requested to be Issued in a form that is not acceptable to such Issuer or (C) the Issuer for such Letter of Credit shall not have received, in form and substance reasonably acceptable to it and, if applicable, duly executed by the applicable Borrower, applications, agreements and other documentation (collectively, a "Letter of Credit Reimbursement Agreement") such Issuer generally employs in the ordinary course of its business for the Issuance of letters of credit of the type of such Letter of Credit.

None of the Revolving Credit Lenders (other than the Issuers in their capacity as such) shall have any obligation to Issue any Letter of Credit.

(b) In no event shall the expiration date of any Letter of Credit (i) be more than one year after the date of issuance thereof or (ii) be less than five days prior to the Scheduled Termination Date; provided, however, that any Letter of Credit with a term less than or equal to one year may provide for the renewal thereof for additional periods less than or equal to one year, as long as, (x) on or before the expiration of each such term and each such period, the applicable Borrower and the Issuer of such Letter of Credit shall have the option to prevent such renewal

and (y) neither the Issuer nor the applicable Borrower shall permit any such renewal to extend the expiration date of any Letter of Credit beyond the date set forth in clause (ii) above.

(c) In connection with the Issuance of each Letter of Credit, the applicable Borrower shall give the relevant Issuer and the Administrative Agent at least two Business Days' prior written notice, in substantially the form of Exhibit E (Form of Letter of Credit Request) (or in such other written or electronic form as is acceptable to the Issuer), of the requested Issuance of such Letter of Credit (a "Letter of Credit Request"). Such notice shall be irrevocable and shall specify the Issuer of such Letter of Credit, the currency of issuance and face amount of the Letter of Credit requested (which shall not be less than the applicable Minimum Currency Threshold or such other amount acceptable to such Issuer), the date of Issuance of such requested Letter of Credit, the date on which such Letter of Credit is to expire (which date shall be a Business Day) and, in the case of an Issuance, the Person for whose benefit the requested Letter of Credit is to be issued. Such notice, to be effective, must be received by the relevant Issuer and the Administrative Agent not later than 11:00 a.m. (New York time) (i) in the case of the U.S. Borrower, on the second Business Day and (ii) in the case of the German Borrower, on the third Business Day, in each case, prior to the requested Issuance of such Letter of Credit.

(d) Subject to the satisfaction of the conditions set forth in this Section 2.4, the relevant Issuer shall, on the requested date, Issue a Letter of Credit on behalf of the requesting Borrower in accordance with such Issuer's usual and customary business practices. No Issuer shall Issue any Letter of Credit in the period commencing on the first Business Day after it receives written notice from any Revolving Credit Lender that one or more of the conditions precedent contained in Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit) or clause (a) above (other than those conditions set forth in clauses (a)(i), (a)(vi)(B) and (C) above and, to the extent such clause relates to fees owing to the Issuer of such Letter of Credit and its Affiliates, clause (a)(vi)(A) above) are not on such date satisfied or duly waived and ending when such conditions are satisfied or duly waived. No Issuer shall otherwise be required to determine that, or take notice whether, the conditions precedent set forth in Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit) have been satisfied in connection with the Issuance of any Letter of Credit.

(e) The applicable Borrower agrees that, if requested by the Issuer of any Letter of Credit, it shall execute a Letter of Credit Reimbursement Agreement in respect to any Letter of Credit Issued hereunder. In the event of any conflict between the terms of any Letter of Credit Reimbursement Agreement and this Agreement, the terms of this Agreement shall govern.

(f) Each Issuer shall comply with the following:

(i) give the Administrative Agent written notice (or telephonic notice confirmed promptly thereafter in writing), which writing may be a telecopy or electronic mail, of the Issuance of any Letter of Credit Issued by it, of all drawings under any Letter of Credit Issued by it and of the payment (or the failure to pay when due) by the relevant Borrower of any Reimbursement Obligation when due (which notice the Administrative Agent shall promptly transmit by telecopy, electronic mail or similar transmission to each Multi-Currency Lender);

(ii) upon the request of any Multi-Currency Lender, furnish to such Multi-Currency Lender copies of any Letter of Credit Reimbursement Agreement to

which such Issuer is a party and such other documentation as may reasonably be requested by such Multi-Currency Lender; and

(iii) no later than 10 Business Days following the last day of each calendar month, provide to the Administrative Agent (and the Administrative Agent shall provide a copy to each Multi-Currency Lender requesting the same) and the Company separate schedules for Documentary Letters of Credit and Standby Letters of Credit issued by it, in form and substance reasonably satisfactory to the Administrative Agent, setting forth the aggregate Letter of Credit Obligations, in each case outstanding at the end of each month and any information requested by the Company or the Administrative Agent relating thereto.

(g) Immediately upon the issuance by an Issuer of a Letter of Credit in accordance with the terms and conditions of this Agreement, such Issuer shall be deemed to have sold and transferred to each Multi-Currency Lender and each such Multi-Currency Lender shall be deemed irrevocably and unconditionally to have purchased and received from such Issuer, without recourse or warranty, an undivided interest and participation, to the extent of such Multi-Currency Lender's Ratable Portion of the Multi-Currency Commitments in such Letter of Credit and the obligations of the requesting Borrower with respect thereto (including all Letter of Credit Obligations with respect thereto) and any security therefor and guaranty pertaining thereto.

(h) Each Borrower agrees to pay to the Issuer of any Letter of Credit the amount of all Reimbursement Obligations owing to such Issuer under any Letter of Credit issued for its account no later than the date that is the next succeeding Business Day after such Borrower receives written notice from such Issuer that payment has been made under such Letter of Credit (the "Reimbursement Date"), irrespective of any claim, set-off, defense or other right that such Borrower may have at any time against such Issuer or any other Person. In the event that any Issuer makes any payment under any Letter of Credit and the Borrower for whose account such Letter of Credit was issued shall not have repaid such amount to such Issuer pursuant to this clause (h) or any such payment by such Borrower is rescinded or set aside for any reason, such Reimbursement Obligation shall be payable on demand with interest thereon computed (i) from the date on which such Reimbursement Obligation arose to the Reimbursement Date, at the rate of interest applicable during such period to U.S. Base Rate Loans and (ii) from the Reimbursement Date until the date of repayment in full, at the rate of interest applicable during such period to past due U.S. Base Rate Loans, and such Issuer shall promptly notify the Administrative Agent, which shall promptly notify each Multi-Currency Lender of such failure, and each Multi-Currency Lender shall promptly and unconditionally pay to the Administrative Agent for the account of such Issuer the amount of such Multi-Currency Lender's Ratable Portion of such payment (or the Dollar Equivalent thereof if such payment was made in any currency other than Dollars) in immediately available Dollars. If the Administrative Agent so notifies such Multi-Currency Lender prior to 11:00 a.m. (New York time) on any Business Day, such Multi-Currency Lender shall make available to the Administrative Agent for the account of such Issuer such Multi-Currency Lender's Ratable Portion of the amount of such payment on such Business Day in immediately available funds. Upon such payment by a Multi-Currency Lender, such Multi-Currency Lender shall, except during the continuance of a Default or Event of Default under Section 9.1(f) (Events of Default) and notwithstanding whether or not the conditions precedent set forth in Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit) shall have been satisfied (which conditions precedent the Multi-Currency Lenders hereby irrevocably waive), be deemed to have made a Multi-Currency Loan to the relevant Borrower in the principal

amount of such payment. Whenever any Issuer receives from a Borrower (whether directly or indirectly through the Administrative Agent) a payment of a Reimbursement Obligation as to which the Administrative Agent has received for the account of such Issuer any payment from a Multi-Currency Lender pursuant to this clause (h), such Issuer shall pay over to the Administrative Agent any amount received in excess of such Reimbursement Obligation and, upon receipt of such amount, the Administrative Agent shall promptly pay over to each Multi-Currency Lender, in immediately available funds, an amount equal to such Multi-Currency Lender's Ratable Portion of the amount of such payment adjusted, if necessary, to reflect the respective amounts the Multi-Currency Lenders have paid in respect of such Reimbursement Obligation.

(i) If and to the extent such Multi-Currency Lender shall not have so made its Ratable Portion of the amount of the payment required by clause (h) above available to the Administrative Agent for the account of such Issuer, such Multi-Currency Lender agrees to pay to the Administrative Agent for the account of such Issuer forthwith on demand any such unpaid amount together with interest thereon, for the first Business Day after payment was first due at the Interbank Rate and, thereafter, until such amount is repaid to the Administrative Agent for the account of such Issuer, at a rate per annum equal to the rate applicable to U.S. Base Rate Loans under the Multi-Currency Facility (or, if such Letter of Credit is denominated in Euros, applicable to Eurocurrency Rate Loans for Interest Periods of one month).

(j) Each Borrower's obligation to pay each Reimbursement Obligation owing by it and the obligations of the applicable Multi-Currency Lenders to make payments to the Administrative Agent for the account of the applicable Issuer with respect to Letters of Credit issued by it shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement, under any and all circumstances whatsoever, including the occurrence of any Default or Event of Default, and irrespective of any of the following:

(i) any lack of validity or enforceability of any Letter of Credit or any Loan Document, or any term or provision therein;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or any Loan Document;

(iii) the existence of any claim, set-off, defense or other right that the Borrowers, any other party guaranteeing, or otherwise obligated with, the Borrowers, any Subsidiary or other Affiliate thereof or any other Person may at any time have against the beneficiary under any Letter of Credit, any Issuer, the Administrative Agent or any Lender or any other Person, whether in connection with this Agreement, any other Loan Document or any other related or unrelated agreement or transaction;

(iv) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the Issuer under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; and

(vi) any other act or omission to act or delay of any kind of the Issuer, the Lenders, the Administrative Agent or any other Person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.4, constitute a legal or equitable discharge of any Borrower's obligations hereunder.

Any action taken or omitted to be taken by the relevant Issuer under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, shall not result in any liability of such Issuer to any Borrower or any Lender. In determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof, the Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary and, in making any payment under any Letter of Credit, the Issuer may rely exclusively on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever, and any noncompliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, be deemed not to constitute willful misconduct or gross negligence of the Issuer.

SECTION 2.5 REDUCTION AND TERMINATION OF THE COMMITMENTS

(a) The Borrowers may, upon at least three Business Days' prior notice to the Administrative Agent, terminate in whole or reduce in part ratably the unused portions of the respective Revolving Credit Commitments of the Revolving Credit Lenders under the Multi-Currency Facility or the Canadian Dollar Facility or, prior to the Closing Date, the unused portions the Term Loan Commitments of the Term Loan Lenders; provided, however, that each partial reduction shall be in an aggregate amount of not less than the Minimum Currency Threshold. Any unused Term Loan Commitment shall terminate on the Closing Date.

(b) The then current Revolving Credit Commitments shall be reduced ratably among the Revolving Credit Facilities on each date on which a prepayment of Revolving Loans or Swing Loans is made pursuant to Section 2.9(a)(i) (Mandatory Prepayments) or would be required to be made had the outstanding Revolving Loans and Swing Loans equaled the Revolving Credit Commitments then in effect, in each case, in the amount of such prepayment (or deemed prepayment) (and the Revolving Credit Commitment of each Revolving Credit Lender shall be reduced by its Ratable Portion of such amount).

(c) In the event the Closing Date shall not have occurred on or prior to April 30, 2005, this Agreement (and all Commitments hereunder) shall automatically terminate.

SECTION 2.6 REPAYMENT OF LOANS

(a) Each Borrower promises to repay the entire unpaid principal amount of the Revolving Loans and the Swing Loans owing by it on the Scheduled Termination Date or earlier, if otherwise required by the terms hereof.

(b) The Canadian Borrower promises to repay the Canadian Term Loans at the dates and in the amounts set forth below:

DATE	AMOUNT	DATE	AMOUNT
March 31, 2005	$ 1,187,500	September 30, 2008	$ 1,187,500
June 30, 2005	$ 1,187,500	December 31, 2008	$ 1,187,500
September 30, 2005	$ 1,187,500	March 31, 2009	$ 1,187,500
December 31, 2005	$ 1,187,500	June 30, 2009	$ 1,187,500
March 31, 2006	$ 1,187,500	September 30, 2009	$ 1,187,500
June 30, 2006	$ 1,187,500	December 31, 2009	$ 1,187,500
September 30, 2006	$ 1,187,500	March 31, 2010	$ 1,187,500
December 31, 2006	$ 1,187,500	June 30, 2010	$ 1,187,500
March 31, 2007	$ 1,187,500	September 30, 2010	$ 1,187,500
June 30, 2007	$ 1,187,500	December 31, 2010	$ 1,187,500
September 30, 2007	$ 1,187,500	March 31, 2011	$111,625,000
December 31, 2007	$ 1,187,500	June 30, 2011	$111,625,000
March 31, 2008	$ 1,187,500	September 30, 2011	$111,625,000
June 30, 2008	$ 1,187,500	Term Loan Maturity Date	$111,625,000

provided, however, that the Canadian Borrower shall repay the entire unpaid principal amount of the Canadian Term Loans on the Term Loan Maturity Date; provided, further, that, until the first day following the fifth anniversary of the Closing Date, the Canadian Borrower shall not be required to make any payment (or the applicable portion thereof) under this clause (b) to the extent that such payment, together with any prepayments of the Canadian Term Loans made under Section 2.9 (Mandatory Prepayments), would result in the repayment of the Canadian Term Loans in an aggregate principal amount in excess of 25% of the aggregate principal amount of the Canadian Term Loans made on the Closing Date.

(c) The U.S. Borrower promises to repay the U.S. Term Loans at the dates and in the amounts set forth below:

DATE	AMOUNT	DATE	AMOUNT
March 31, 2005	$2,062,500	September 30, 2008	$2,062,500
June 30, 2005	$2,062,500	December 31, 2008	$2,062,500
September 30, 2005	$2,062,500	March 31, 2009	$2,062,500
December 31, 2005	$2,062,500	June 30, 2009	$2,062,500
March 31, 2006	$2,062,500	September 30, 2009	$2,062,500
June 30, 2006	$2,062,500	December 31, 2009	$2,062,500
September 30, 2006	$2,062,500	March 31, 2010	$2,062,500
December 31, 2006	$2,062,500	June 30, 2010	$2,062,500
March 31, 2007	$2,062,500	September 30, 2010	$2,062,500
June 30, 2007	$2,062,500	December 31, 2010	$2,062,500
September 30, 2007	$2,062,500	March 31, 2011	$193,875,000
December 31, 2007	$2,062,500	June 30, 2011	$193,875,000
March 31, 2008	$2,062,500	September 30, 2011	$193,875,000
June 30, 2008	$2,062,500	Term Loan Maturity Date	$193,875,000

provided, however, that the U.S. Borrower shall repay the entire unpaid principal amount of the U.S. Term Loans on the Term Loan Maturity Date.

SECTION 2.7 EVIDENCE OF DEBT

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing Indebtedness of each Borrower to such Lender resulting from each Loan of 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.

(b) (i) The Administrative Agent, acting as agent of the Borrowers solely for this purpose and for tax purposes, shall establish and maintain at its address referred to in Section 11.8 (Notices, Etc.) a record of ownership (the "Register") in which the Administrative Agent agrees to register by book entry the Administrative Agent's, each Lender's and each Issuer's interest in each Loan, each Letter of Credit and each Reimbursement Obligation, and in the right to receive any payments hereunder and any assignment of any such interest or rights. In addition, the Administrative Agent, acting as agent of the Borrowers solely for this purpose and for tax purposes, shall establish and maintain accounts in the Register in accordance with its usual practice in which it shall record (i) the names and addresses of the Lenders and the Issuers, (ii) the Commitments of each Lender from time to time, (iii) the amount of each Loan made and, if a Eurocurrency Rate Loan or a BA Rate Loan, the Interest Period applicable thereto, (iv) the amount of any principal or interest due and payable, and paid, by each Borrower to, or for the account of, each Lender hereunder, (v) the amount that is due and payable, and paid, by each Borrower to, or for the account of, each Issuer, including the amount of Letter Credit Obligations (specifying the amount of any Reimbursement Obligations) due and payable to an Issuer, and (vi) the amount of any sum received by the Administrative Agent hereunder from each Borrower, whether such sum constitutes principal or interest (and the type of Loan to which it applies), fees, expenses or other amounts due under the Loan Documents and each Lender's and Issuer's, as the case may be, share thereof, if applicable.

(ii) Notwithstanding anything to the contrary contained in this Agreement, the Loans (including the Notes evidencing such Loans) and the Reimbursement Obligations are registered obligations and the right, title, and interest of the Lenders and the Issuers and their assignees in and to such Loans or Reimbursement Obligations, as the case may be, shall be transferable only upon notation of such transfer in the Register. A Note shall only evidence the Lender's or a registered assignee's right, title and interest in and to the related Loan, and in no event is any such Revolving Credit Note to be considered a bearer instrument or obligation. This Section 2.7(b) and Section 11.2 shall be construed so that the Loans and Reimbursement Obligations are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and any related regulations (or any successor provisions of the Code or such regulations).

(c) The entries made in the Register and in the accounts therein maintained pursuant to clauses (a) and (b) above shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations recorded therein; provided, however, 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 each Borrower to repay the Loans in accordance with their terms. In addition, the Loan Parties, the Administrative Agent, the Lenders and the Issuers shall treat each Person whose name is recorded in the Register as a

Lender or as an Issuer, as applicable, for all purposes of this Agreement. Information contained in the Register with respect to any Lender or Issuer shall be available for inspection by the Borrowers, the Administrative Agent, such Lender or such Issuer at any reasonable time and from time to time upon reasonable prior notice.

(d) Notwithstanding any other provision of the Agreement, in the event that any Lender requests that any Borrower execute and deliver a promissory note or notes payable to such Lender in order to evidence the Indebtedness owing to such Lender by such Borrower hereunder, such Borrower shall promptly execute and deliver a Note or Notes to such Lender evidencing any Term Loans and Revolving Loans, as the case may be, of such Lender, substantially in the forms of Exhibit B-1 (Form of Revolving Credit Note) or Exhibit B-2 (Form of Term Note), respectively.

SECTION 2.8 OPTIONAL PREPAYMENTS

(a) Revolving Loans. Any Borrower may prepay the outstanding principal amount of any or all of the Multi-Currency Loans, Canadian Dollar Loans and Swing Loans in whole or in part at any time in the applicable currencies; provided, however, that if any prepayment of any Eurocurrency Rate Loan or BA Rate Loan is made by such Borrower other than on the last day of an Interest Period for such Loan, such Borrower shall also pay all interest and fees accrued to the date of such prepayment on the principal amount prepaid and any amount owing pursuant to Section 2.14(e) (Breakage Costs); provided, further, that each partial prepayment shall be an aggregate principal amount not less than the applicable Minimum Currency Threshold. Upon the giving of such notice of prepayment, the principal amount of Revolving Loans specified to be prepaid shall become due and payable on the date specified for such prepayment.

(b) Term Loans. Any Borrower may, upon at least three Business Days' prior notice to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, prepay the outstanding principal amount of the U.S. Term Loans and the Canadian Term Loans, in whole or in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that if any prepayment of any Eurocurrency Rate Loan is made by a Borrower other than on the last day of an Interest Period for such Loan, such Borrower shall also pay any amounts owing pursuant to Section 2.14(e) (Breakage Costs); and, provided, further, that each partial prepayment shall be in an aggregate amount not less than the Minimum Currency Threshold and that any such partial prepayment shall be applied to reduce the remaining installments of the outstanding principal amount of the Term Loans as directed by the Company, but in any event on a pro rata basis between the U.S. Term Loans and the Canadian Term Loans. Upon the giving of such notice of prepayment, the principal amount of the Term Loans specified to be prepaid shall become due and payable on the date specified for such prepayment.

(c) No Borrower shall have any right to prepay the principal amount of any Revolving Loan or any Term Loan other than as provided in this Section 2.8.

SECTION 2.9 MANDATORY PREPAYMENTS

(a) Net Cash Proceeds. The Borrowers shall immediately prepay the Loans in accordance with clause (c) below upon receipt by any Borrower or any of its Subsidiaries of Net Cash Proceeds arising from:

(i) any Asset Sale or Property Loss Event, in an amount equal to 100% of such Net Cash Proceeds in excess of the Dollar Equivalent of $20,000,000, individually or in the aggregate, for each Fiscal Year;

(ii) (A) any Debt Issuance permitted under clause (k) of Section 8.1 (Indebtedness), in an amount equal to 100% of such Net Cash Proceeds; provided, however, that, if, on the date of such Debt Issuance, the pro forma Leverage Ratio is less than 3.0 to 1, then such percentage shall be reduced to 50%; and (B) any other Debt Issuance in an amount equal to 100% of such Net Cash Proceeds; and

(iii) any Equity Issuance, in an amount equal to 50% of such Net Cash Proceeds; provided, however, that, if, on the date of such Equity Issuance, the pro forma Leverage Ratio is less than 3.0 to 1, then such percentage shall be reduced to 0%; and

(iv) any prepayment permitted under Section 8.6 (Prepayment and Cancellation of Indebtedness) of any Pledged Intercompany Note issued on the Closing Date (or pursuant to any Post-Closing Spin-Off Transaction) by any Subsidiary of the Company exceeding, in the aggregate, 20% of the aggregate principal amount outstanding under such Pledged Intercompany Note on the date of the issuance thereof.

(b) Excess Cash Flow. The Borrowers shall prepay the Term Loans in accordance with clause (c) below, within 95 days after the last day of each Fiscal Year, in an amount equal to 50% of Excess Cash Flow for the previous Fiscal Year; provided, however, that, if the Leverage Ratio as of the last day of such Fiscal Year is less than 3.0 to 1, then such percentage shall be reduced to 25%.

(c) Application of Payments.

(i) Subject to the provisions of Section 2.13(g) (Payments and Computations), any prepayments made by the Borrowers required to be applied in accordance with this clause (c) shall be applied as follows: first, to repay the outstanding principal balance of the Term Loans (subject to clause (ii) below, on a pro rata basis between the U.S. Term Loans and the Canadian Term Loans) until such Term Loans shall have been prepaid in full; second, at the option of the Administrative Agent in its reasonable discretion, to repay the outstanding principal balance of any Swing Loan until such Swing Loan shall have been repaid in full; third, to repay the outstanding principal balance of the Revolving Loans until such Revolving Loans shall have been paid in full; and fourth, to provide cash collateral for any Letter of Credit Obligations in an amount equal to 105% of such Letter of Credit Obligations in the manner set forth in Section 9.3 (Actions in Respect of Letters of Credit) until all such Letter of Credit Obligations have been fully cash collateralized in the manner set forth therein; provided, however, that (A) upon a Deferred Prepayment Event, the prepayments required under clauses first through fourth above shall be reduced by the Deferred Prepayment Amount in respect of such Deferred Prepayment Event and (B) on the earlier of (1) the occurrence of an Event of Default and (2) the Deferred Prepayment Date, the remaining balance of such Deferred Prepayment Amount shall be applied in accordance with clauses first through fourth above.

(ii) All repayments of the Term Loans made pursuant to this clause (c) shall be applied to reduce ratably the remaining installments of such outstanding principal amounts of the Term Loans; provided, however, that, until the first day following the fifth anniversary of the Closing Date, (A) the Borrowers shall not be required to apply any prepayment (or the applicable portion thereof) under clause first of clause (c)(i) above to the Canadian Term Loans to the extent that such payment, together with any payments made under Section 2.6(b) (Repayment of Loans), would result in the repayment of the Canadian Term Loans in an aggregate principal amount in excess of 25% of the aggregate principal amount of the Canadian Term Loans made on the Closing Date and (B) all such prepayments required to be applied under clause first above shall be applied solely to the U.S. Term Loans. All repayments of Revolving Loans and Swing Loans required to be made pursuant to this clause (c) shall result in a permanent reduction of the Revolving Credit Commitments to the extent provided in Section 2.5(b) (Reduction and Termination of the Commitments).

(iii) Notwithstanding anything in this clause (c) to the contrary, Net Cash Proceeds arising from the issuance of the Senior Notes or any other debt Securities or any Equity Issuance after the Closing Date shall be applied as follows: first, to prepay (x) unless a Default or an Event of Default shall have occurred and be continuing, the obligations under the Seller Note, if outstanding (with a corresponding permanent reduction in the commitments for the Senior Unsecured Facility under the Senior Unsecured Credit Agreement in the amount of such prepayment), but only to the extent that such obligations shall not have been transferred (by sale, assignment, participation or otherwise), directly or indirectly, by Alcan to any Person (other than one or more Subsidiaries of Alcan or (y) the Senior Unsecured Facility and redeem the Senior Unsecured Exchange Securities (other than the Senior Unsecured Fixed Rate Exchange Securities); and second, to prepay the Obligations in accordance with this Section 2.9; provided, however, that until the first day following the fifth anniversary of the Closing Date, (A) the Borrowers shall not be required to apply any prepayment (or the applicable portion thereof) under clause first of clause (c)(i) above to the Canadian Term Loans to the extent that such payment, together with any payments made under Section 2.6(b) (Repayment of Loans), would result in the repayment of the Canadian Term Loans in an aggregate principal amount in excess of 25% of the aggregate principal amount of the Canadian Term Loans made on the Closing Date; provided, further, that the obligations of the Company under the Seller Note shall not be prepaid under this clause (iii) until all obligations of each Subsidiary of the Company under the Seller Note have been paid in full.

(d) Notwithstanding anything in this Section 2.9 (Mandatory Prepayments) to the contrary, with respect to any mandatory prepayment of Term Loans otherwise required pursuant to this Section 2.9 (other than any mandatory prepayment pursuant to clause (a)(i) of this Section 2.9), on or prior to the date such mandatory prepayment is otherwise required to be made pursuant to this Section 2.9, any Term Loan Lender may waive its right to receive any or all of its Ratable Portion of such mandatory prepayments allocable to such Lender's Term Loan (other than any prepayment required under Section 2.9(a)(i)), by a written notice to the Administrative Agent delivered no later than 5:00 p.m. (New York time) two Business Days after receipt of notice from the Administrative Agent that such mandatory prepayment is to be made, which notice from such Term Loan Lender shall include the amount, if any, of its portion of the mandatory prepayment that such Lender still desires to receive. If any Term Loan Lender does

not so notify the Administrative Agent within the two Business Day period or notifies the Administrative Agent but does not specify the amount of the mandatory prepayment that such Lender wishes to receive, if any, such Lender will be deemed to have elected to receive 100% of its Ratable Portion of the mandatory prepayment. The amount of any mandatory prepayment not accepted by any Term Loan Lender shall be retained by the Company.

(e) If at any time, (i) the aggregate principal amount of Multi-Currency Outstandings exceeds the aggregate Multi-Currency Commitments at such time, the Borrowers shall forthwith prepay the U.S. Swing Loans first and then the Multi-Currency Loans then outstanding in an amount equal to such excess or (ii) the Canadian Dollar Outstandings exceeds the aggregate Canadian Dollar Commitments at such time, the Canadian Borrower shall forthwith the Canadian Dollar Loans then outstanding in an amount equal to such excess; provided, however, that, to the extent such excess results solely by reason of a change in exchange rates, the Borrowers shall not be required to make such prepayment unless the amount of such excess causes the Multi-Currency Outstandings or Canadian Dollar Outstandings to exceed the Multi-Currency Commitments or Canadian Dollar Commitments, as applicable, by more than 110%. If any such excess remains after repayment in full of the aggregate outstanding Swing Loans and Revolving Loans, each Borrower shall provide cash collateral for the Letter of Credit Obligations in the manner set forth in Section 9.3 (Actions in Respect of Letters of Credit) in an amount equal to 105% of such excess.

SECTION 2.10 INTEREST

(a) Rate of Interest.

(i) Subject to the terms and conditions set forth in this Agreement, at the option of the Borrower, all Dollar Loans and Term Loans shall be made as Base Rate Loans or Eurocurrency Rate Loans and all Canadian Dollar Loans shall be made as Base Rate Loans or BA Rate Loans; provided, however, that all such Loans shall be made as Base Rate Loans unless, subject to Section 2.16 (Special Provisions Governing Eurocurrency Rate Loans and BA Rate Loans), the Notice of Borrowing specifies that all or a portion thereof shall be Eurocurrency Rate Loans or BA Rate Loans, as the case may be. All U.S. Swing Loans shall be made as Base Rate Loans, and all Euro Loans, all U.K. Swing Loans and all Swiss Swing Loans shall be made as Eurocurrency Rate Loans, subject to conversion pursuant to Section 2.3(d) (Swing Loans).

(ii) All Loans and the outstanding amount of all other Obligations (other than pursuant to Hedging Contracts that are Loan Documents, to the extent such Hedging Contracts provide for the accrual of interest on unpaid obligations) shall bear interest, in the case of Loans, on the unpaid principal amount thereof from the date such Loans are made and, in the case of such other Obligations, from the date such other Obligations are due and payable until, in all cases, paid in full, except as otherwise provided in clause (c) below, as follows:

(A) if a Base Rate Loan or such other Obligation, at a rate per annum equal to the sum of (A) the Base Rate as in effect from time to time and (B) the Applicable Margin;

(B) if a Eurocurrency Rate Loan, at a rate per annum equal to the sum of (A) the Eurocurrency Rate determined for the applicable

Eurocurrency Interest Period, (B) the Applicable Margin in effect from time to time during such Eurocurrency Interest Period and (C) in the case of any such Loan made by a Lender located in the U.K., Mandatory Costs;

(C) if a BA Rate Loan, at a rate per annum equal to the sum of (A) the BA Rate determined for the applicable BA Interest Period and (B) the Applicable Margin in effect from time to time during such BA Interest Period;

(D) for all other Obligations, at a rate per annum equal to the sum of (A) the U.S. Base Rate as in effect from time to time and (B) the Applicable Margin.

(b) Interest Payments. (i) Interest accrued on each Base Rate Loan (other than Swing Loans) shall be payable in arrears (A) on the first Business Day of each calendar quarter, commencing on the first such day following the making of such Base Rate Loan, (B) in the case of Base Rate Loans that are Term Loans, upon the payment or prepayment thereof in full or in part and (C) if not previously paid in full, at maturity (whether by acceleration or otherwise) of such Base Rate Loan, (ii) interest accrued on U.S. Swing Loans shall be payable in arrears on the first Business Day of the immediately succeeding calendar quarter, (iii) interest accrued on each Eurocurrency Rate Loan (including the U.K. Swing Loans and the Swiss Swing Loans) and each BA Rate Loan shall be payable in arrears (A) on the last day of each Interest Period applicable to such Loan and, if such Interest Period has a duration of more than three months, on each date during such Interest Period occurring every three months from the first day of such Interest Period, (B) upon the payment or prepayment thereof in full or in part and (C) if not previously paid in full, at maturity (whether by acceleration or otherwise) of such Eurocurrency Rate Loan or BA Rate Loan, as the case may be, and (iv) interest accrued on the amount of all other Obligations shall be payable on demand from and after the time such Obligation becomes due and payable (whether by acceleration or otherwise).

(c) Default Interest. Notwithstanding the rates of interest specified in clause (a) above or elsewhere herein, effective immediately upon the occurrence of an Event of Default and for as long thereafter as such Event of Default shall be continuing, the principal balance of all Loans and the amount of all other Obligations then due and payable shall bear interest at a rate (the "Default Rate") that is two percent per annum in excess of the rate of interest applicable to such Loans or other Obligations from time to time. Such interest shall be payable on the date that would otherwise be applicable to such interest pursuant to clause (b) above or otherwise on demand.

(d) Criminal Interest Rate/Interest Act (Canada).

(i) For purposes of the Interest Act (Canada), whenever any interest is calculated on the basis of a period of time other than a year of 365 or 366 days, as applicable, the annual rate of interest to which each rate of interest utilized pursuant to such calculation is equivalent is such rate so utilized multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in such calculation. For the purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest will not apply to any interest calculation under the Loan Documents, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

(ii) If any provision of this Agreement or any of the other Loan Documents would obligate the Canadian Borrower or any Guarantor organized in Canada to make any payment of interest or other amount payable to any Lender under any Loan Documents in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Lender of interest at a criminal rate (as construed under the Criminal Code (Canada)), then notwithstanding that provision, that amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by that Lender of interest at a criminal rate, the adjustment to be effected, to the extent necessary, (A) first, by reducing the amount or rate of interest required to be paid to the affected Lender under this Section 2.10 and (B) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of Section 347 of the Criminal Code (Canada).

(iii) Notwithstanding clause (e)(ii), and after giving effect to all adjustments contemplated thereby, if any Lender shall have received an amount in excess of the maximum permitted by the Criminal Code (Canada), then each Borrower or Guarantor organized under the laws of Canada, as applicable, shall be entitled, by notice in writing to the affected Lender, to obtain reimbursement from that Lender in an amount equal to the excess, and pending reimbursement, the amount of the excess shall be deemed to be an amount payable by that Lender to such Person.

(iv) Any amount or rate of interest referred to in this Section 2.10(d) shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term of the Agreement on the assumption that any charges, fees or expenses that fall within the meaning of interest (as defined in the Criminal Code (Canada)) shall be pro-rated over that period of time and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Administrative Agent shall be conclusive for the purposes of that determination.

SECTION 2.11 CONVERSION/CONTINUATION OPTION

(a) Each Borrower may elect (i) at any time on any Business Day to convert U.S. Base Rate Loans (other than Swing Loans) or any portion thereof to Eurocurrency Rate Loans or Canadian Base Rate Loans to BA Rate Loans and (ii) at the end of any applicable Interest Period, to convert Eurocurrency Rate Loans or BA Rate Loans or any portion thereof into the applicable Base Rate Loans or to continue such Eurocurrency Rate Loans or BA Rate Loans or any portion thereof for an additional Interest Period; provided, however, that the aggregate amount of the Eurocurrency Rate Loans or BA Rate Loans, as the case may be, for each Interest Period must be not less than the Minimum Currency Threshold. Each conversion or continuation shall be allocated among the Loans of each Lender in accordance with such Lender's Ratable Portion. Each such election shall be in substantially the form of Exhibit F (Form of Notice of Conversion or Continuation) (a "Notice of Conversion or Continuation") and shall be made by giving the Administrative Agent at least three Business Days' prior written notice specifying (A) the amount and type of Loan being converted or continued, (B) in the case of a conversion to or a continuation of Eurocurrency Rate Loans or BA Rate Loans, the applicable Interest Period and (C) in the case of a conversion, the date of such conversion.

(b) The Administrative Agent shall promptly notify each Lender of its receipt of a Notice of Conversion or Continuation and of the options selected therein. Notwithstanding the foregoing, (i) Loans denominated in Euros or Sterling may not be converted to Base Rate Loans (except pursuant to Section 2.3(d) (Swing Loans)), (ii) no conversion in whole or in part of Base Rate Loans to Eurocurrency Rate Loans or BA Rate Loans, as applicable, and no continuation in whole or in part of Eurocurrency Rate Loans or BA Rate Loans upon the expiration of any applicable Interest Period shall be permitted at any time at which (A) a Default or an Event of Default shall have occurred and be continuing or (B) the continuation of, or conversion into, a Eurocurrency Rate Loan or BA Rate Loans would violate any provision of Section 2.14 (Special Provisions Governing Eurocurrency Rate Loans and BA Rate Loans). If, within the time period required under the terms of this Section 2.11, the Administrative Agent does not receive a Notice of Conversion or Continuation from the applicable Borrower containing a permitted election to continue any Eurocurrency Rate Loans or BA Rate Loans for an additional Interest Period or to convert any such Loans, then, upon the expiration of the applicable Interest Period, Loans denominated in Dollars and Canadian Dollars shall be automatically converted to the applicable Base Rate Loans and Loans denominated in Euros or Sterling shall be automatically continued as Eurocurrency Rate Loans with an Interest Period of one month. Each Notice of Conversion or Continuation shall be irrevocable.

SECTION 2.12 FEES

(a) Unused Commitment Fees. The Borrowers, jointly and severally, agree to pay, in immediately available funds, (i) to each Multi-Currency Lender a commitment fee denominated in Dollars on the actual daily amount by which the Multi-Currency Commitment of such Multi-Currency Lender exceeds such Lender's Ratable Portion of the sum of (A) the aggregate outstanding principal amount of Multi-Currency Loans and (B) the outstanding amount of the aggregate Letter of Credit Obligations and (ii) to each Canadian Dollar Lender a commitment fee denominated in Canadian Dollars on the actual daily amount by which the Canadian Dollar Commitment of such Canadian Dollar Lender exceeds such Lender's Ratable Portion of the aggregate outstanding principal amount of Canadian Dollar Loans (each an "Unused Commitment Fee"), in each case, from the date hereof through the Revolving Credit Termination Date at the Applicable Unused Commitment Fee Rate, payable in arrears (x) on the first Business Day of each calendar quarter, commencing on the first such Business Day following the Closing Date and (y) on the Revolving Credit Termination Date.

(b) Letter of Credit Fees. The Borrowers, jointly and severally, agree to pay, in immediately available funds, the following amounts denominated in Dollars with respect to Letters of Credit issued by any Issuer:

(i) to the Administrative Agent for the account of each issuer of a Letter of Credit, with respect to each Letter of Credit issued by such Issuer, an issuance fee equal to 0.25% per annum of the Dollar Equivalent of the maximum undrawn face amount of such Letter of Credit, payable in arrears (A) on the first Business Day of each calendar quarter, commencing on the first such Business Day following the issuance of such Letter of Credit and (B) on the Revolving Credit Termination Date;

(ii) to the Administrative Agent for the ratable benefit of the Multi-Currency Lenders and, with respect to each Letter of Credit, a fee accruing at a rate per annum equal to the Applicable Margin for Revolving Loans that are Eurocurrency Rate Loans on the Dollar Equivalent of the maximum undrawn face amount of such Letter of

Credit, payable in arrears (A) on the first Business Day of each calendar quarter, commencing on the first such Business Day following the issuance of such Letter of Credit and (B) on the Revolving Credit Termination Date; provided, however, that during the continuance of an Event of Default, such fee shall be increased by two percent per annum (instead of, and not in addition to, any increase pursuant to Section 2.10(c) (Interest)) and shall be payable on demand; and

(iii) to the Issuer of any Letter of Credit, with respect to the issuance, amendment or transfer of each Letter of Credit and each drawing made thereunder, documentary and processing charges in accordance with such Issuer's standard schedule for such charges in effect at the time of issuance, amendment, transfer or drawing, as the case may be.

(c) U.K. Swing Loan Fronting Fee. The Borrowers, jointly and severally, agree to pay, in immediately available funds, a fronting fee, which shall accrue on the Dollar Equivalent of the outstanding principal amount of each U.K. Swing Loan made by any Swing Loan Lender, at a rate of 0.25% per annum, payable in arrears (A) on the last day of each Interest Period applicable to such Swing Loan and, if such Interest Period has a duration of more than three months, on each date during such Interest Period occurring every three months from the first day of such Interest Period and (B) on the Revolving Credit Termination Date;

(d) Additional Fees. Each Borrower has agreed to pay to the Administrative Agent and the Arrangers additional fees, the amount and dates of payment of which are embodied in the Fee Letter.

SECTION 2.13 PAYMENTS AND COMPUTATIONS

(a) Each Borrower shall make each payment hereunder (including fees and expenses) not later than 11:00 a.m. (New York time) on the day when due, in the currency specified herein (or, if no such currency is specified, in Dollars) to the Administrative Agent at its address referred to in Section 11.8 (Notices, Etc.) in immediately available funds without set-off or counterclaim. The Administrative Agent shall promptly thereafter cause to be distributed immediately available funds relating to the payment of principal, interest or fees to the Lenders, in accordance with the application of payments set forth in clause (f) or (g) below, as applicable, for the account of their respective Applicable Lending Offices; provided, however, that amounts payable pursuant to Section 2.15 (Capital Adequacy), Section 2.16 (Taxes)or Section 2.14(c) or (d) (Special Provisions Governing Eurocurrency Rate Loans or BA Rate Loans) shall be paid only to the affected Lender or Lenders and amounts payable with respect to Swing Loans shall be paid only to the affected Swing Loan Lender. Payments received by the Administrative Agent after 11:00 a.m. (New York time) shall be deemed to be received on the next Business Day.

(b) All computations of interest and of fees shall be made by the Administrative Agent on the basis of a year of 360 days (other than computations of interest (i) for Base Rate Loans or Swing Loans denominated in Sterling which shall be made by the Administrative Agent on the basis of 365 or 366 days, as the case may be, and (ii) for BA Rate Loans which shall be made by the Administrative Agent on the basis of 365 days), in each case, for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest and fees are payable. Each determination by the Administrative Agent of a rate of interest hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Each payment by a Borrower of any Loan, Reimbursement Obligation (including interest or fees in respect thereof) and each reimbursement of various costs, expenses or other Obligation shall be made in the currency in which such Loan was made, such Letter of Credit issued or such cost, expense or other Obligation was incurred; provided, however, that (i) the Letter of Credit Reimbursement Agreement for a Letter of Credit may specify another currency for the Reimbursement Obligation in respect of such Letter of Credit and (ii) other than for payments in respect of a Loan or Reimbursement Obligation, Loan Documents duly executed by the Administrative Agent or any Hedging Contract may specify other currencies of payment for Obligations created by or directly related to such Loan Document or Hedging Contract.

(d) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be; provided, however, that if such extension would cause payment of interest on or principal of any Eurocurrency Rate Loan to be made in the next calendar month, such payment shall be made on the immediately preceding Business Day. All repayments of any Revolving Loans or Term Loans shall be applied as follows: first, to repay such Loans outstanding as Base Rate Loans and then, to repay such Loans outstanding as Eurocurrency Rate Loans, with those Eurocurrency Rate Loans having earlier expiring Eurocurrency Interest Periods being repaid prior to those having later expiring Eurocurrency Interest Periods.

(e) Unless the Administrative Agent shall have received notice from any Borrower to the Lenders prior to the date on which any payment is due hereunder that the such Borrower will not make such payment in full, the Administrative Agent may assume that the such Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each applicable Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that such Borrower shall not have made such payment in full to the Administrative Agent, each applicable Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon (at the Interbank Rate for the first Business Day, and, thereafter, at the rate applicable to U.S. Base Rate Loans) for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent.

(f) Except for payments and other amounts received by the Administrative Agent and applied in accordance with the provisions of clause (g) below (or required to be applied in accordance with Section 2.9(c) (Mandatory Prepayments)), all payments and any other amounts received by the Administrative Agent from or for the benefit of any Borrower shall be applied as follows: first, to pay principal of, and interest on, any portion of the Loans the Administrative Agent may have advanced to such Borrower pursuant to the express provisions of this Agreement on behalf of any Lender, for which the Administrative Agent has not then been reimbursed by such Lender or the Borrowers, second, to pay all other Secured Obligations then due and payable and third, as the Company so designates. Payments in respect of Swing Loans received by the Administrative Agent shall be distributed to the Swing Loan Lenders (in accordance with such Swing Loan Lender's Swing Loan Allocation of all Swing Loans), as applicable; payments in respect of any Revolving Loan received by the Administrative Agent shall be distributed to each Revolving Credit Lender in accordance with such Lender's Ratable Portion of the applicable Revolving Credit Commitments; payments in respect of any Term Loan

received by the Administrative Agent shall be distributed to each U.S. Term Lender or Canadian Term Lender in accordance with such Lender's Ratable Portion of applicable Term Loans; and all payments of fees and all other payments in respect of any other Obligation shall be allocated among such of the Lenders and Issuers as are entitled thereto and, for such payments allocated to the Lenders, in proportion to their respective Ratable Portions.

(g) Each Borrower hereby irrevocably waives the right to direct the application of any and all payments in respect of the Secured Obligations and any proceeds of Collateral after the occurrence and during the continuance of an Event of Default and agrees that, notwithstanding the provisions of Section 2.9(c) (Mandatory Prepayments) and clause (f) above, the Administrative Agent may, and, upon either (A) the written direction of the Requisite Lenders or (B) the acceleration of the Obligations pursuant to Section 9.2 (Remedies) shall, deliver a Blockage Notice to each Deposit Account Bank for each Approved Deposit Account and apply all payments in respect of any Obligations and all funds on deposit in any Cash Collateral Account and all other proceeds of Collateral in the following order:

(i) first, to pay interest on and then principal of any portion of the Revolving Loans that the Administrative Agent may have advanced on behalf of any Lender for which the Administrative Agent has not then been reimbursed by such Lender or any Borrower;

(ii) second, to pay Secured Obligations in respect of any expense reimbursements or indemnities and Cash Management Obligations then due to the Administrative Agent;

(iii) third, to pay Secured Obligations in respect of any expense reimbursements or indemnities then due to the Lenders and the Issuers;

(iv) fourth, to pay Secured Obligations in respect of any fees then due to the Administrative Agent, the Lenders and the Issuers;

(v) fifth, to pay interest then due and payable in respect of the Loans and Reimbursement Obligations;

(vi) sixth, to pay or prepay principal amounts on the Loans and Reimbursement Obligations and to provide cash collateral for outstanding Letter of Credit Undrawn Amounts in the manner described in Section 9.3 (Actions in Respect of Letters of Credit), and to pay Cash Management Obligations and amounts owing with respect to Hedging Contracts, ratably to the aggregate principal amount of such Loans, Reimbursement Obligations and Letter of Credit Undrawn Amounts, Cash Management Obligations, and Obligations owing with respect to Hedging Contracts; and

(vii) seventh, to the ratable payment of all other Secured Obligations;

provided, however, that if sufficient funds are not available to fund all payments to be made in respect of any Secured Obligation described in any of clauses (i), (ii), (iii), (iv), (v), (vi) and (vii) above, the available funds being applied with respect to any such Secured Obligation (unless otherwise specified in such clause) shall be allocated to the payment of such Secured Obligation ratably, based on the proportion of the Administrative Agent's and each Lender's or Issuer's interest in the aggregate outstanding Secured Obligations described in such clauses; provided,

further, that payments that would otherwise be allocated to the Revolving Credit Lenders shall be allocated first to repay Swing Loans until such Loans are repaid in full and then to repay the Revolving Loans. In providing for such allocation, the Administrative Agent shall be entitled to take into account the provisions of Section 11.7 (Sharing of Payments, Etc.) and each Lender in any particular Facility that might otherwise be entitled, based on the particular Collateral securing the Secured Obligations under such Facility, to receive any greater proportion of the Collateral than the Lenders in any other Facility may be entitled to receive, shall be deemed to have made the purchases described in Section 11.7 (Sharing of Payments, Etc.) from such other Lenders such that, after giving effect to such purchases, each Lender's interest in the aggregate Secured Obligations is equal to such Lender's Ratable Portion of the aggregate Secured Obligations at the time of such purchase. The order of priority set forth in clauses (i), (ii), (iii), (iv), (v), (vi) and (vii) above may at any time and from time to time be changed by the agreement of the Requisite Lenders without necessity of notice to or consent of or approval by the Borrowers, any Secured Party that is not a Lender or Issuer or by any other Person that is not a Lender or Issuer. The order of priority set forth in clauses (i), (ii), (iii) and (iv) above may be changed only with the prior written consent of the Administrative Agent in addition to that of the Requisite Lenders.

SECTION 2.14 SPECIAL PROVISIONS GOVERNING EUROCURRENCY RATE LOANS AND BA RATE LOANS

(a) Determination of Interest Rate

Each of the (i) Eurocurrency Rate for each Interest Period for Eurocurrency Rate Loans and (ii) the BA Rate for each Interest Period for BA Rate Loans shall be determined by the Administrative Agent pursuant to the procedures set forth in the definition of "Eurocurrency Rate" or "BA Rate," as applicable. The Administrative Agent's determination (after consultation with the Company) shall be presumed to be correct absent manifest error and shall be binding on the Borrowers.

(b) Interest Rate Unascertainable, Inadequate or Unfair

In the event that (i) the Administrative Agent determines that adequate and fair means do not exist for ascertaining the applicable interest rates by reference to which the Eurocurrency Rate or the BA Rate then being determined is to be fixed or (ii) the Requisite Lenders notify the Administrative Agent that the Eurocurrency Rate or the BA Rate for any Interest Period will not adequately reflect the cost to the Lenders of making or maintaining such Loans in the applicable currency for such Interest Period, the Administrative Agent shall forthwith so notify the Borrowers and the Lenders, whereupon each Eurocurrency Rate Loan or BA Rate Loan, as applicable, shall automatically, on the last day of the current Interest Period for such Loan, convert into the applicable Base Rate Loan and the obligations of the Lenders to make Eurocurrency Rate Loans or BA Rate Loans, as applicable, or to convert Base Rate Loans into Eurocurrency Rate Loans or BA Rate Loans, as applicable, shall be suspended until the Administrative Agent shall notify the Borrowers that the Requisite Lenders have determined that the circumstances causing such suspension no longer exist.

(c) Increased Costs

If at any time any Lender determines that the introduction of, or any change in or in the interpretation of, any law, treaty or governmental rule, regulation or order (other than any change by way of imposition or increase of reserve requirements included in determining the

Eurocurrency Rate) or the compliance by such Lender with any guideline, request or directive from any central bank or other Governmental Authority (whether or not having the force of law), shall have the effect of increasing the cost to such Lender of agreeing to make or making, funding or maintaining any Eurocurrency Rate Loans or BA Rate Loans, then the Borrowers shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrowers and the Administrative Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(d) Illegality

Notwithstanding any other provision of this Agreement, if any Lender determines that the introduction of, or any change in or in the interpretation of, any law, treaty or governmental rule, regulation or order after the date of this Agreement shall make it unlawful, or any central bank or other Governmental Authority shall assert that it is unlawful, for any Lender or its applicable Lending Office to make Eurocurrency Rate Loans or BA Rate Loans or to continue to fund or maintain Eurocurrency Rate Loans or BA Rate Loans, then, on notice thereof and demand therefor by such Lender to the Borrower through the Administrative Agent, (i) the obligation of such Lender to make or to continue Eurocurrency Rate Loans or BA Rate Loans and to convert Base Rate Loans into Eurocurrency Rate Loans or BA Rate Loans shall be suspended, and each such Lender shall make a Base Rate Loan as part of any requested Borrowing of Eurocurrency Rate Loans or BA Rate Loans and (ii) if the affected Eurocurrency Rate Loans or BA Rate Loans are then outstanding, the applicable Borrower shall immediately convert each such Loan into the applicable Base Rate Loan. If, at any time after a Lender gives notice under this clause (d), such Lender determines that it may lawfully make Eurocurrency Rate Loans or BA Rate Loans, such Lender shall promptly give notice of that determination to the Borrowers and the Administrative Agent, and the Administrative Agent shall promptly transmit the notice to each other Lender. Each Borrower's right to request, and such Lender's obligation, if any, to make Eurocurrency Rate Loans or BA Rate Loans, as applicable, shall thereupon be restored.

(e) Breakage Costs

In addition to all amounts required to be paid by the Borrowers pursuant to Section 2.10 (Interest), the Borrowers shall compensate each Lender, upon written request, for all losses, expenses and liabilities (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain such Lender's Eurocurrency Rate Loans or BA Rate Loans to the Borrowers but excluding any loss of the Applicable Margin on the relevant Loans) that such Lender may sustain (i) if for any reason (other than solely by reason of such Lender being a Non-Funding Lender) a proposed Borrowing, conversion into or continuation of Eurocurrency Rate Loans or BA Rate Loans does not occur on a date specified therefor in a Notice of Borrowing or a Notice of Conversion or Continuation given by the a Borrower or in a telephonic request by it for borrowing or conversion or continuation or a successive Interest Period does not commence after notice therefor is given pursuant to Section 2.11 (Conversion/Continuation Option), (ii) if for any reason any Eurocurrency Rate Loan or BA Rate Loan is prepaid (including mandatorily pursuant to Section 2.9 (Mandatory Prepayments)) on a date that is not the last day of the applicable Interest Period, (iii) as a consequence of a required conversion of a Eurocurrency Rate Loan or BA Rate Loan to a Base Rate Loan as a result of any of the events indicated in clause (d) above or (iv) as a consequence of any failure by the Borrowers to repay Eurocurrency Rate Loans or BA

Rate Loans when required by the terms hereof. The Lender making demand for such compensation shall deliver to the Borrowers concurrently with such demand a written statement as to such losses, expenses and liabilities, and this statement shall be conclusive as to the amount of compensation due to such Lender, absent manifest error.

SECTION 2.15 CAPITAL ADEQUACY

If at any time any Lender determines that (a) the adoption of, or any change in or in the interpretation of, any law, treaty or governmental rule, regulation or order after the date of this Agreement regarding capital adequacy, (b) compliance with any such law, treaty, rule, regulation or order or (c) compliance with any guideline or request or directive from any central bank or other Governmental Authority (whether or not having the force of law) shall have the effect of reducing the rate of return on such Lender's (or any corporation controlling such Lender's) capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change, compliance or interpretation, then, upon demand from time to time by such Lender (with a copy of such demand to the Administrative Agent), the Borrowers shall pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender for such reduction. A certificate as to such amounts submitted to the Borrowers and the Administrative Agent by such Lender shall be conclusive and binding for all purposes absent manifest error.

SECTION 2.16 TAXES

(a) Except as otherwise provided in this Section 2.16, any and all payments by any Loan Party under each Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, levies, duties, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding (i) in the case of each Lender, each Issuer and the Administrative Agent taxes measured by its net income, and franchise taxes imposed on it, and similar taxes imposed by the jurisdiction (or any political subdivision thereof) under the laws of which such Lender, such Issuer or the Administrative Agent (as the case may be) is organized and (ii) in the case of each Lender or each Issuer, except to the extent arising solely as a result of entering into this Agreement, the Loan Documents or the Transactions, taxes measured by its net income, and franchise taxes imposed on it as a result of a present or former connection between such Lender or such Issuer (as the case may be) and the jurisdiction of the Governmental Authority imposing such tax or any taxing authority thereof or therein (all such non-excluded taxes, levies, duties, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If any Taxes shall be required by law to be withheld or deducted from or in respect of any sum payable under any Loan Document to any Lender, any Issuer or the Administrative Agent (w) the sum payable shall be increased as may be necessary so that, after making all required withholdings or deductions (including withholdings or deductions applicable to additional sums payable under this Section 2.16, such Lender, such Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such withholdings or deductions been made, (x) the relevant Loan Party shall make such withholdings or deductions, (y) the relevant Loan Party shall pay the full amount withheld or deducted to the relevant taxing authority or other authority in accordance with applicable law and (z) the relevant Loan Party shall deliver to the Administrative Agent evidence of such payment.

(b) In addition, each Loan Party agrees to pay any present or future stamp, registration, notarization, documentary or similar taxes or any other excise or property taxes, charges or similar levies of the United States or any political subdivision thereof or any applicable foreign jurisdiction, and all liabilities with respect thereto, in each case arising from any payment made under any Loan Document or from the execution, delivery, registration or enforcement of, or otherwise with respect to, any Loan Document (collectively, "Other Taxes").

(c) Each Loan Party shall, jointly and severally, indemnify each Lender, each Issuer and the Administrative Agent for the full amount of Taxes and Other Taxes (including any Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.16) paid by such Lender, such Issuer or the Administrative Agent (as the case may be) and any liability (including for penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date such Lender, such Issuer or the Administrative Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes or Other Taxes by any Loan Party, the relevant Loan Party shall furnish to the Administrative Agent, at its address referred to in Section 11.8 (Notices, Etc.), the original or a certified copy of a receipt evidencing payment thereof or such other evidence of payment satisfactory to the Administrative Agent.

(e) Without prejudice to the survival of any other agreement of any Loan Party hereunder or under any Guaranty, the agreements and obligations of such Loan Party contained in this Section 2.16 shall survive the payment in full of the Obligations.

(f) (i) Each Non-U.S. Lender that is entitled at such time to an exemption from United States withholding tax, or that is subject to such tax at a reduced rate under an applicable tax treaty, shall (v) on or prior to the Closing Date in the case of each Non-U.S. lender that is a signatory hereto, (w) on or prior to the date of the Assignment and Acceptance pursuant to which such Non-U.S. Lender becomes a Lender the date a successor Issuer becomes an Issuer or the date a successor Administrative Agent becomes the Administrative Agent hereunder, (x) on or prior to the date on which any such form or certification expires or becomes obsolete, (y) after the occurrence of any event requiring a change in the most recent form or certification previously delivered by it to the Borrowers and the Administrative Agent, and (z) from time to time if requested by the Borrowers or the Administrative Agent, provide the Administrative Agent and the Borrowers with two completed copies of each of the following, as applicable:

(A) Form W-8ECI (claiming exemption from U.S. withholding tax because the income is effectively connected with a U.S. trade or business) or any successor form;

(B) Form W-8BEN (claiming exemption from, or a reduction of, U.S. withholding tax under an income tax treaty) or any successor form;

(C) in the case of a Non-U.S. Lender claiming exemption under Sections 871(h) or 881(c) of the Code, a Form W-8BEN (claiming exemption from U.S. withholding tax under the portfolio interest exemption) or any successor form; or

(D) any other applicable form, certificate or document prescribed by the IRS certifying as to such Non-U.S. Lender's entitlement to such exemption from United States withholding tax or reduced rate with respect to all payments to be made to such Non-U.S. Lender under the Loan Documents.

Unless the Borrowers and the Administrative Agent have received forms or other documents satisfactory to them indicating that payments under any Loan Document to or for a Non-U.S. Lender are not subject to United States withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, the Loan Parties and the Administrative Agent shall withhold amounts required to be withheld by applicable Requirements of Law from such payments at the applicable statutory rate.

(ii) Each U.S. Lender shall (v) on or prior to the Closing Date in the case of each U.S. Lender that is a signatory hereto, (w) on or prior to the date of the Assignment and Acceptance pursuant to which such U.S. Lender becomes a Lender, the date a successor Issuer becomes an Issuer or the date a successor Administrative Agent becomes the Administrative Agent hereunder, (x) on or prior to the date on which any such form or certification expires or becomes obsolete, (y) after the occurrence of any event requiring a change in the most recent form or certification previously delivered by it to the Borrowers and the Administrative Agent, and (z) from time to time if requested by the Borrowers or the Administrative Agent, provide the Administrative Agent and the Borrowers with two completed originals of Form W-9 (certifying that such U.S. Lender is entitled to an exemption from U.S. backup withholding tax) or any successor form. Solely for purposes of this Section 2.16(f), a U.S. Lender shall not include a Lender, an Issuer or an Administrative Agent that may be treated as an exempt recipient based on the indicators described in Treasury Regulation section 1.6049-4(c)(1)(ii).

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.16 shall use its reasonable efforts (consistent with its internal policies and Requirements of Law) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that would be payable or may thereafter accrue and would not, in the sole determination of such Lender, be otherwise disadvantageous to such Lender.

(h) If the Administrative Agent or any Lender receives a refund of any taxes as to which it has been indemnified by the Borrowers, it shall pay to the Company an amount equal to such refund (but only to the extent of indemnity payments made by the Borrowers under this Section 2.16 with respect to the taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrowers, upon the request of the Administrative Agent or such Lender, agree to repay the amount paid over to the Borrowers (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This clause (h) shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrowers or any other Person.

(i) Within 30 days after a written request from any Borrower, the Administrative Agent and or the relevant Lender, as appropriate, shall execute and deliver to such

Borrower such certificates, forms or other documents that can be furnished consistent with the facts and that are reasonably necessary and typical for lenders to provide to assist such Borrower in applying for refunds of taxes remitted hereunder; provided, however, that neither the Administrative Agent nor such Lender shall be required to deliver such certificates, forms or other documents if in its sole discretion it determines that the delivery of such certificates, forms or other documents would be unreasonably burdensome or is not necessary. The Borrowers shall reimburse the Administrative Agent and the Lenders for any reasonable expenses incurred in the delivery of such certificate, form or other document.

SECTION 2.17 SUBSTITUTION OF LENDERS

(a) In the event that (i)(A) any Lender makes a claim under Section 2.14(c) (Increased Costs) or Section 2.15 (Capital Adequacy), (B) it becomes illegal for any Lender to continue to fund or make any Eurocurrency Rate Loan or BA Rate Loan and such Lender notifies the Borrowers pursuant to Section 2.14(d) (Illegality), (C) any Loan Party is required to make any payment pursuant to Section 2.16 (Taxes) that is attributable to a particular Lender or (D) any Lender becomes a Non-Funding Lender, (ii) in the case of clause (i)(A) above, as a consequence of increased costs in respect of which such claim is made, the effective rate of interest payable to such Lender under this Agreement with respect to its Loans materially exceeds the effective average annual rate of interest payable to the Requisite Lenders under this Agreement and (iii) in the case of clause (i)(A),(B) and (C) above, Lenders holding at least 75% of the Commitments are not subject to such increased costs or illegality, payment or proceedings (any such Lender, an "Affected Lender"), the Borrowers may substitute, without novation, any Lender and, if reasonably acceptable to the Administrative Agent, any other Eligible Assignee (a "Substitute Institution") for such Affected Lender hereunder, after delivery of a written notice (a "Substitution Notice") by the Borrowers to the Administrative Agent and the Affected Lender within a reasonable time (in any case not to exceed 90 days) following the occurrence of any of the events described in clause (i) above that the Borrowers intend to make such substitution; provided, however, that, if more than one Lender claims increased costs, illegality or right to payment arising from the same act or condition and such claims are received by the Borrowers within 30 days of each other, then the Borrowers may substitute all, but not (except to the extent the Borrowers has already substituted one of such Affected Lenders before the Borrowers' receipt of the other Affected Lenders' claim) less than all, Lenders making such claims.

(b) If the Substitution Notice was properly issued under this Section 2.17, the Affected Lender shall sell, and the Substitute Institution shall purchase, all rights and claims of such Affected Lender under the Loan Documents and the Substitute Institution shall assume, and the Affected Lender shall be relieved of, the Affected Lender's Commitments and all other prior unperformed obligations of the Affected Lender under the Loan Documents (other than in respect of any damages (other than exemplary or punitive damages, to the extent permitted by applicable law) in respect of any such unperformed obligations). Such purchase and sale (and the corresponding assignment of all rights and claims hereunder) shall be recorded in the Register maintained by the Administrative Agent and shall be effective on (and not earlier than) the later of (i) the receipt by the Affected Lender of its Ratable Portion of the Revolving Credit Outstandings, the Term Loans, together with any other Obligations owing to it, (ii) the receipt by the Administrative Agent of an agreement in form and substance satisfactory to it and the Borrowers whereby the Substitute Institution shall agree to be bound by the terms hereof and (ii) the payment in full to the Affected Lender in cash of all fees, unreimbursed costs and expenses and indemnities accrued and unpaid through such effective date. Upon the effectiveness of such

sale, purchase and assumption, the Substitute Institution shall become a "Lender" hereunder for all purposes of this Agreement having a Commitment in the amount of such Affected Lender's Commitment assumed by it and such Commitment of the Affected Lender shall be terminated; provided, however, that all indemnities under the Loan Documents shall continue in favor of such Affected Lender.

(c) Each Lender agrees that, if it becomes an Affected Lender and its rights and claims are assigned hereunder to a Substitute Institution pursuant to this Section 2.17, it shall execute and deliver to the Administrative Agent an Assignment and Acceptance to evidence such assignment, together with any Note (if such Loans are evidenced by a Note) evidencing the Loans subject to such Assignment and Acceptance; provided, however, that the failure of any Affected Lender to execute an Assignment and Acceptance shall not render such assignment invalid.

ARTICLE III

CONDITIONS TO LOANS AND LETTERS OF CREDIT

SECTION 3.1 CONDITIONS PRECEDENT TO INITIAL LOANS AND LETTERS OF CREDIT

The obligation of each Lender to make the Loans requested to be made by it on the Closing Date and the obligation of each Issuer to Issue Letters of Credit on the Closing Date is subject to the satisfaction or due waiver in accordance with Section 11.1 (Amendments, Waivers, Etc.) of each of the following conditions precedent on or before April 30, 2005:

(a) Certain Documents. The Administrative Agent shall have received on or prior to the Closing Date (and, to the extent any Borrowing of any Eurocurrency Rate Loans or BA Rate Loans is requested to be made on the Closing Date, in respect of the Notice of Borrowing for such Eurocurrency Rate Loans or BA Rate Loans, as the case may be, at least three Business Days prior to the Closing Date) each of the following, each dated the Closing Date unless otherwise indicated or agreed to by the Administrative Agent, in form and substance satisfactory to the Administrative Agent and in sufficient copies for each Lender:

(i) this Agreement, duly executed and delivered by the Borrowers and, for the account of each Lender requesting the same, a Note of each Borrower conforming to the requirements set forth herein;

(ii) the Intercreditor Agreement, duly executed and delivered by Alcan;

(iii) the Guaranties listed on Schedule 3.1-1, duly executed and delivered by each Guarantor;

(iv) except as set forth on Schedule 7.15 (Post-Closing Covenants), the Collateral Documents listed on Schedule 3.1-1 and Schedule 3.1-2, duly executed and delivered by each Borrower and each Loan Party, together with each of the following:

(A) evidence (including a Perfection Certificate certified by a Responsible Officer of the Company) reasonably satisfactory to the Administrative Agent that, upon the filing and recording of instruments delivered at the closing, the Administrative Agent (for the benefit of the Secured Parties)

shall have a valid and perfected first priority security interest in the Collateral, including (x) such documents duly executed by each Loan Party as the Administrative Agent may reasonably request with respect to the perfection of its security interests in the Collateral (including financing statements under the UCC, patent, trademark and copyright security agreements suitable for filing with the Patent and Trademark Office or the Copyright Office, as the case may be, and other applicable documents under the laws of any jurisdiction with respect to the perfection of Liens created by such Collateral Documents) and (y) copies of Lien search reports as of a recent date and other applicable documents under the laws of any jurisdiction with respect to the registration or recordation of Liens listing all Liens on the assets of each Loan Party, none of which shall indicate a Lien on the Collateral except for those that shall be terminated on the Closing Date or are otherwise permitted hereunder;

(B) all certificates, instruments and other documents representing all Stock being pledged pursuant to such Collateral Documents and stock powers for such certificates, instruments and other documents executed in blank;

(C) all instruments representing debt instruments, including all Intercompany Notes, being pledged pursuant to such Collateral Documents duly endorsed in favor of the Administrative Agent or in blank;

(D) all Deposit Account Control Agreements, duly executed by the corresponding Deposit Account Bank and Loan Party, that, in the reasonable judgment of the Administrative Agent, shall be required for the Loan Parties to comply with Section 7.12 (Control Accounts, Approved Deposit Accounts); and

(E) Securities Account Control Agreements duly executed by the appropriate Loan Party and (1) all "securities intermediaries" (as defined in the UCC) with respect to all Securities Accounts and securities entitlements of the Borrowers and each Guarantor and (2) all "commodities intermediaries" (as defined in the UCC) with respect to all commodities contracts and commodities accounts held by the Borrowers and each Guarantor;

(v) a favorable opinion of (A) (1) Sullivan & Cromwell LLP, U.S. outside counsel to the Alcan, in substantially the form of Exhibit G (Form of Opinion of Counsel for the Loan Parties), (2) outside counsels to the Loan Parties in Texas, Canada, U.K., Ireland, Belgium, Germany, France, Luxembourg, Switzerland, Italy, Brazil, Mexico and (3) internal counsels to the Loan Parties, in each case, addressed to the Administrative Agent and the Lenders and addressing such matters as the Administrative Agent may reasonably request and (C) counsel to the Administrative Agent as to the enforceability of this Agreement and the other Loan Documents to be executed on the Closing Date;

(vi) a copy of the articles or certificate of incorporation (or equivalent Constituent Document) of each Loan Party, certified as of a recent date by the Secretary of State of the state of organization of such Loan Party (or, if not applicable, by the Secretary or an Assistant Secretary of such Loan Party), together with certificates of

such official attesting to the good standing of each such Loan Party, or such other evidence of status reasonably satisfactory to the Administrative Agent under the jurisdiction under which such Loan Party is organized (including, with respect to any Loan Party organized under the laws of Canada or any jurisdiction therein, evidence of registration to do business in each jurisdiction (other than the jurisdiction of organization of such Loan Party) where business is conducted);

(vii) a certificate of the Secretary or an Assistant Secretary of each Loan Party certifying (A) the names and true signatures of each officer of such Loan Party that has been authorized to execute and deliver any Loan Document or other document required hereunder to be executed and delivered by or on behalf of such Loan Party, (B) the by-laws (or equivalent Constituent Document) of such Loan Party as in effect on the date of such certification, (C) the resolutions of such Loan Party's Board of Directors (or equivalent governing body) approving and authorizing (in accordance with local law requirements) the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party and (D) that there have been no changes in the certificate of incorporation (or equivalent Constituent Document) of such Loan Party from the certificate of incorporation (or equivalent Constituent Document) delivered pursuant to clause (vi) above;

(viii) a certificate of a Responsible Officer of the Company, stating that each Borrower is Solvent after giving effect to the initial Loans and Letters of Credit, the application of the proceeds thereof in accordance with Section 7.9 (Application of Proceeds) and the payment of all estimated legal, accounting and other fees related hereto and thereto;

(ix) a certificate of a Responsible Officer of the Company to the effect that (A) the condition set forth in Section 3.2(b) (Conditions Precedent to Each Loan and Letter of Credit) has been satisfied and (B) no litigation not listed on Schedule 4.7 (Litigation) shall have been commenced against any Loan Party or any of its Subsidiaries that would have a Material Adverse Effect;

(x) evidence reasonably satisfactory to the Administrative Agent that the insurance policies required by Section 7.5 (Maintenance of Insurance) and any Collateral Document are in full force and effect, together with, unless otherwise agreed by the Administrative Agent, endorsements naming the Administrative Agent, on behalf of the Secured Parties, as an additional insured or loss payee under all insurance policies to be maintained with respect to the properties of the Borrowers and each other Loan Party; and

(xi) such other certificates, documents, agreements and information respecting any Loan Party as any Lender through the Administrative Agent may reasonably request.

(b) Fee and Expenses Paid. There shall have been paid to the Administrative Agent, for the account of the Administrative Agent and the Lenders, as applicable, all fees and expenses (including reasonable fees and expenses of counsel) due and payable on or before the Closing Date (including all such fees described in the Fee Letter).

(c) Transactions. The Transactions shall have been consummated or shall be consummated simultaneously with or immediately following the Closing Date, in accordance with the all applicable Requirements of Law and the Related Documents.

(d) Consents, Etc. Each of the Borrowers and their respective Subsidiaries shall have received all consents and authorizations required pursuant to any material Contractual Obligation with any other Person and shall have obtained all Permits of, and effected all notices to and filings with, any Governmental Authority, in each case, as may be necessary to allow each of the Borrowers and their respective Subsidiaries lawfully (i) to execute, deliver and perform, in all material respects, their respective obligations hereunder and under the Loan Documents and the Related Documents to which each of them, respectively, is, or shall be, a party and each other agreement or instrument to be executed and delivered by each of them, respectively, pursuant thereto or in connection therewith, (ii) to create and perfect the Liens on the Collateral to be owned by each of them in the manner and for the purpose contemplated by the Loan Documents and (iii) to consummate the Transactions (other than those contemplated in the Loan Documents), except where the failure to obtain such consent, authorization or Permit or to give such notice or make such filing could not reasonably be expected to restrain, prevent or impose materially burdensome conditions on such Transactions.

SECTION 3.2 CONDITIONS PRECEDENT TO EACH LOAN AND LETTER OF CREDIT

The obligation of each Lender on any date (including the Closing Date) to make any Loan and of each Issuer on any date (including the Closing Date) to Issue any Letter of Credit is subject to the satisfaction of each of the following conditions precedent:

(a) Request for Borrowing or Issuance of Letter of Credit. With respect to any Loan, the Administrative Agent shall have received a duly executed Notice of Borrowing (or, in the case of Swing Loans, a duly executed Swing Loan Request), and, with respect to any Letter of Credit, the Administrative Agent and the Issuer shall have received a duly executed Letter of Credit Request.

(b) Representations and Warranties; No Defaults. The following statements shall be true on the date of such Loan or Issuance, both before and after giving effect thereto and, in the case of any Loan, to the application of the proceeds thereof:

(i) the representations and warranties set forth in Article IV (Representations and Warranties) and in the other Loan Documents shall be true and correct on and as of the Closing Date and shall be true and correct in all material respects on and as of any such date after the Closing Date 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

(ii) no Default or Event of Default shall have occurred and be continuing.

(c) No Legal Impediments. The making of the Loans or the Issuance of such Letter of Credit on such date does not violate in any material respect any Requirement of Law on the date of or immediately following such Loan or Issuance of such Letter of Credit and is not enjoined, temporarily, preliminarily or permanently.

(d) Additional Matters. The Administrative Agent shall have received such additional documents, information and materials as any Lender, through the Administrative Agent, may reasonably request.

Each submission by any Borrower to the Administrative Agent of a Notice of Borrowing or a Swing Loan Request and the acceptance by such Borrower of the proceeds of each Loan requested therein, and each submission by any Borrower to an Issuer of a Letter of Credit Request, and the Issuance of each Letter of Credit requested therein, shall be deemed to constitute a representation and warranty by such Borrower as to the matters specified in clause (b) above on the date of the making of such Loan or the Issuance of such Letter of Credit.

SECTION 3.3 DETERMINATIONS OF INITIAL BORROWING CONDITIONS

For purposes of determining compliance with the conditions specified in Section 3.1 (Conditions Precedent to Initial Loans and Letters of Credit), each Lender shall be deemed to have consented to, approved, accepted or be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the initial Borrowing, borrowing of Swing Loans or Issuance or deemed Issuance hereunder specifying its objection thereto and such Lender shall not have made available to the Administrative Agent such Lender's Ratable Portion of such Borrowing or Swing Loans.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

To induce the Lenders, the Issuers and the Administrative Agent to enter into this Agreement, each Borrower represents and warrants each of the following to the Lenders, the Issuers and the Administrative Agent, on and as of the Closing Date and after giving effect to the Transactions to be consummated on the Closing Date and the making of the Loans and the other financial accommodations on the Closing Date and on and as of each date as required by Section 3.2(b)(i) (Conditions Precedent to Each Loan and Letter of Credit):

SECTION 4.1 CORPORATE EXISTENCE; COMPLIANCE WITH LAW

Each of the Borrowers and their respective Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) is duly qualified to do business as a foreign entity and in good standing under the laws of each jurisdiction where such qualification is necessary, except where the failure to be so qualified or in good standing would not, in the aggregate, have a Material Adverse Effect, (c) has all requisite power and authority and the legal right to own, pledge, mortgage and operate its properties, to lease the property it operates under lease and to conduct its business as now or currently proposed to be conducted, (d) is in compliance with its Constituent Documents, (e) is in compliance with all applicable Requirements of Law except where the failure to be in compliance would not, in the aggregate, have a Material Adverse Effect and (f) has all necessary Permits from or by, has made all necessary filings with, and has given all necessary notices to, each Governmental Authority having jurisdiction, to the extent required for such ownership, operation and conduct, except for Permits or filings that can be obtained or made by the taking of ministerial action to

secure the grant or transfer thereof or the failure to obtain or make would not, in the aggregate, have a Material Adverse Effect.

SECTION 4.2 CORPORATE POWER; AUTHORIZATION; ENFORCEABLE OBLIGATIONS

(a) The execution, delivery and performance by each of the Company and its Subsidiaries of the Loan Documents to which it is a party and the consummation of the transactions contemplated thereby:

(i) are within such Person's corporate, limited liability company, partnership or other comparable powers;

(ii) have been or, at the time of delivery thereof pursuant to Article III (Conditions To Loans And Letters Of Credit) will have been duly authorized by all necessary action, including the consent of shareholders, partners and members where required;

(iii) do not and will not (A) contravene such Person's or any of its Subsidiaries' respective Constituent Documents, (B) violate any other Requirement of Law applicable to such Person (including Regulations T, U and X of the Federal Reserve Board), or any order or decree of any Governmental Authority or arbitrator applicable to such Person, (C) conflict with or result in the breach of, or constitute a default under, or result in or permit the termination or acceleration of, any Related Document or any other material Contractual Obligation of such Person or any of its Subsidiaries or (D) result in the creation or imposition of any Lien upon any property of such Loan Party or any of its Subsidiaries, other than those in favor of the Secured Parties pursuant to the Collateral Documents; and

(iv) do not require the consent of, authorization by, approval of, notice to, or filing or registration with, any Governmental Authority or any other Person and do not require any Other Taxes or fees to be paid, in each case, other than those listed on Schedule 4.2 (Consents) and that have been or will be, prior to the Closing Date, obtained or made, copies of which have been or will be delivered to the Administrative Agent pursuant to Section 3.1 (Conditions Precedent to Initial Loans and Letters of Credit), and each of which on the Closing Date will be in full force and effect and, with respect to the Collateral, filings and any customary fees in respect thereto required to be paid to perfect the Liens created by the Collateral Documents.

(b) This Agreement has been, and each of the other Loan Documents will have been upon delivery thereof pursuant to the terms of this Agreement, duly executed and delivered by each of the Company and its Subsidiaries party thereto. This Agreement is, and the other Loan Documents will be, when delivered hereunder, the legal, valid and binding obligation of each of the Company and its Subsidiaries party thereto, enforceable against such Person in accordance with its terms.

SECTION 4.3 OWNERSHIP OF SUBSIDIARIES

Set forth on Schedule 4.3 (Ownership of Subsidiaries) is a complete and accurate list showing, as of the Closing Date, all Subsidiaries of the Company and, as to each such Subsidiary, the jurisdiction of its organization, the number of shares of each class of Stock

authorized (if applicable), the number outstanding on the Closing Date and the number and percentage of the outstanding shares of each such class owned (directly or indirectly) by the Company. Except as set forth on Schedule 4.3, no Stock of any Subsidiary of the Company is subject to any outstanding option, warrant, right of conversion or purchase of any similar right. All of the outstanding Stock of each Subsidiary of the Company owned (directly or indirectly) by the Company has been validly issued, is fully paid and non-assessable (to the extent applicable) and is owned by the Company or a Subsidiary of the Company, free and clear of all Liens (other than the Lien in favor of the Secured Parties and that was created pursuant to a Loan Document), options, warrants, rights of conversion or purchase or any similar rights. Neither the Company nor any Subsidiary of the Company is a party to, or has knowledge of, any agreement restricting the transfer or hypothecation of any Stock of any Subsidiary of the Company, other than the Loan Documents and the Senior Unsecured Facility Documents. No Borrower owns or holds, directly or indirectly, any Stock of any Person other than such Subsidiaries and Investments permitted by Section 8.3 (Investments).

SECTION 4.4 FINANCIAL STATEMENTS

(a) The (i) combined balance sheets of the Company and its Subsidiaries as at December 31, 2003, together with the related combined statements of income, stockholders' equity, retained earnings and cash flows of the Company and its Subsidiaries for the three most recent Fiscal Years ended on such date, certified by the Company's Accountants and (ii) unaudited combined balance sheets of the Company and its Subsidiaries as at September 30, 2004, together with related statements of income, stockholder's equity, retained earnings and cash flows of the Company and its Subsidiaries for the nine-month period then ended, delivered to the Lenders on or prior to the Closing Date are not materially inconsistent with the financial statements previously provided to such Lenders and fairly present (subject, in the case of said balance sheets as at September 30, 2004, and said statements of income, retained earnings and cash flows for the nine-month period then ended, to the absence of footnote disclosures and normal recurring year-end audit adjustments) the financial condition of the Company and its Subsidiaries as at such dates and the results of the operations of the Company and its Subsidiaries for the period ended on such dates, all in conformity with GAAP and Regulation S-X under the Securities Act of 1933 and the Securities Exchange Act of 1934. The consolidating guarantor group condensed balance sheets as at December 31, 2003 and September 30, 2004 and the related consolidating guarantor group condensed statements of income for the Fiscal Year then ended and the nine-month period then ended, respectively, delivered to the Lenders on or prior to the Closing Date, are not materially inconsistent with the financial statements previously provided to such Lenders and fairly present (subject, in the case of said balance sheets as at September 30, 2004, and said statements of income for the nine-month period then ended, to the absence of footnote disclosures and normal recurring year-end audit adjustments) the financial condition of the Company and its Subsidiaries as at such dates and the results of the operations of the Company and its Subsidiaries for the period ended on such dates, all in conformity with GAAP and Regulation S-X under the Securities Act of 1933 and the Securities Exchange Act of 1934.

(b) None of the Borrowers or any of their respective Subsidiaries has any material obligation, contingent liability or liability for taxes, long-term leases or unusual forward or long-term commitment that is not reflected in the Financial Statements referred to in clause (a) above or in the notes thereto and not otherwise permitted by this Agreement.

(c) The pro forma Consolidated balance sheet of the Company and its Subsidiaries delivered to the Lenders on the Closing Date have been prepared on a pro forma

basis after giving effect to the Transactions and accurately apply pro forma adjustments (which are reasonable in light of conditions and facts known to the Company at the time and are derived in good faith) to the balance sheet of the Company and its Subsidiaries and is prepared in accordance with GAAP and are not materially inconsistent with the forecasts previously provided to the Lenders prior to the Closing Date. The Projections have been prepared by the Company in light of the past operations of its business, and reflect projections for seven Fiscal Years commencing on January 1, 2005, on a quarterly basis for the first year and on a year by year basis thereafter. The Projections are not materially inconsistent with the Projections previously provided to the Agents and are based upon estimates and assumptions stated therein, all of which the Company believes to be reasonable in light of conditions and facts known to the Company and, as of the Closing Date, reflect the Company's good faith and reasonable estimates of the future financial performance of the Company and its Subsidiaries and of the other information projected therein for the periods set forth therein.

SECTION 4.5 MATERIAL ADVERSE CHANGE

Since December 31, 2003 there has been no event or occurrence which has resulted in or could reasonably be expected to result in a Material Adverse Change.

SECTION 4.6 SOLVENCY

Both before and after giving effect to (a) the Loans and Letter of Credit Obligations to be made or extended on the Closing Date or such other date as Loans and Letter of Credit Obligations requested hereunder are made or extended, (b) the disbursement of the proceeds of such Loans pursuant to the instructions of any Loan Party, (c) the Transactions and (d) the payment and accrual of all transaction costs in connection with the foregoing, each Loan Party is Solvent.

SECTION 4.7 LITIGATION

Except as set forth on Schedule 4.7 (Litigation), there are no pending or, to the knowledge of any Borrower, threatened actions, investigations or proceedings affecting any Borrower or any of its Subsidiaries before any court, Governmental Authority or arbitrator other than those that, in the aggregate, would not have a Material Adverse Effect. The performance of any action by any Loan Party required or contemplated by any Loan Document or any Related Document is not restrained or enjoined (either temporarily, preliminarily or permanently).

SECTION 4.8 TAXES

(a) All federal, state, provincial and local and foreign income and franchise and other material tax returns, reports and statements (collectively, the "Tax Returns") required to be filed by any Borrower or any of its Tax Affiliates have been filed with the appropriate Governmental Authorities in all jurisdictions in which such Tax Returns are required to be filed, all such Tax Returns are true and correct in all material respects, and all taxes, charges and other impositions reflected therein or otherwise due and payable have been paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for non-payment thereof except where contested in good faith and by appropriate proceedings if adequate reserves therefor have been established on the books of such Borrower or such Tax Affiliate in conformity with GAAP. Proper and accurate amounts have been withheld by the Borrowers and each of its Tax Affiliates from their respective employees for all periods in full and complete compliance with

the tax, social security and unemployment withholding provisions of applicable Requirements of Law and such withholdings have been timely paid to the respective Governmental Authorities, except such failures that, in the aggregate, would not have a Material Adverse Effect.

(b) None of the Borrowers or any of their respective Tax Affiliates has (i) except as set forth on Schedule 4.8, executed or filed with the IRS or any other Governmental Authority any agreement or other document extending, or having the effect of extending, the period for the filing of any Tax Return or the assessment or collection of any charges, (ii) incurred any obligation under any tax sharing agreement or arrangement other than those of which the Administrative Agent has received a copy prior to the date hereof or, in the aggregate, would not have a Material Adverse Effect or (iii) been a member of an affiliated, combined or unitary group other than the group of which the Company (or its Tax Affiliate) is the common parent, other than those memberships that, in the aggregate, would not have a Material Adverse Effect.

(c) None of the transactions contemplated in the Spin-Off, including any transactions contemplated by and indemnities provided in the Spin-Off Documents will result in the Company or its Tax Affiliates having any liability for taxes (including any liability of another person for taxes for which the Company or its Tax Affiliates has provided an indemnity) which could reasonably be expected to have a Material Adverse Effect.

SECTION 4.9 FULL DISCLOSURE

The information (other than financial projections) prepared or furnished by or on behalf of the Company or any of its Subsidiaries in connection with this Agreement or the Related Documents or the consummation of the transactions contemplated hereunder and thereunder, including on the Closing Date the information contained in the Disclosure Documents, is complete and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not materially misleading, in each case in light of all other information provided and the circumstances under which such statements were made.

SECTION 4.10 MARGIN REGULATIONS

No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Federal Reserve Board), and no proceeds of any Loan will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock in contravention of Regulation T, U or X of the Federal Reserve Board.

SECTION 4.11 NO BURDENSOME RESTRICTIONS; NO DEFAULTS

(a) None of the Borrowers or any of their respective Subsidiaries (i) is a party to any Contractual Obligation the compliance with one or more of which would have, in the aggregate, a Material Adverse Effect or the performance of which by any thereof, either unconditionally or upon the happening of an event, would result in the creation of a Lien (other than a Lien permitted under Section 8.2 (Liens, Etc.)) on the assets of any thereof or (ii) is subject to one or more charter or corporate restrictions that would, in the aggregate, have a Material Adverse Effect.

(b) None of the Borrowers or any of their respective Subsidiaries is in default under or with respect to any Contractual Obligation owed by it and, to the knowledge of such Borrower, no other party is in default under or with respect to any Contractual Obligation owed to any Loan Party or to any Subsidiary of any Loan Party, other than, in either case, those defaults that, in the aggregate, would not have a Material Adverse Effect.

(c) No Default or Event of Default has occurred and is continuing.

(d) To the best knowledge of each Borrower, there are no Requirements of Law applicable to any Loan Party or any Subsidiary of any Loan Party the compliance with which by such Loan Party or such Subsidiary, as the case may be, would, in the aggregate, have a Material Adverse Effect.

SECTION 4.12 INVESTMENT COMPANY ACT; PUBLIC UTILITY HOLDING COMPANY ACT

None of the Borrowers or any of their respective Subsidiaries is (a) an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended or (b) a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company," as each such term is defined and used in the Public Utility Holding Company Act of 1935, as amended.

SECTION 4.13 USE OF PROCEEDS

The proceeds of the Loans and the Letters of Credit are being used by the Borrowers (and, to the extent distributed to them by the Borrowers, each Subsidiary of any Borrower) solely (a) to finance the Transactions and for the payment of related transaction costs, fees and expenses, (b) for the payment of transaction costs, fees and expenses incurred in connection with this Agreement and the transactions contemplated hereby and (c) for working capital and general corporate purposes.

SECTION 4.14 INSURANCE

Each Borrower and their respective Subsidiaries carry effective policies of insurance, including policies of life, fire, theft, product liability, public liability, property damage, other casualty, employee fidelity, workers' compensation and employee health and welfare insurance, that are of a nature and provide such coverage as is sufficient and as is customarily carried by businesses of the size and character of such Person.

SECTION 4.15 LABOR MATTERS

(a) There are no strikes, work stoppages, slowdowns or lockouts pending or threatened against or involving any of the Borrowers or any of their respective Subsidiaries, other than those that, in the aggregate, would not have a Material Adverse Effect.

(b) There are no unfair labor practices, grievances, complaints or arbitrations pending, or, to any Borrower's knowledge, threatened, against or involving any Borrower or any of its Subsidiaries, nor are there any arbitrations or grievances threatened involving any Borrower or any of its Subsidiaries, other than those that, in the aggregate, would not have a Material Adverse Effect.

SECTION 4.16 ERISA

(a) Schedule 4.16 (List of Plans) separately identifies as of the date hereof all Title IV Plans, all Multiemployer Plans and all of the employee benefit plans within the meaning of Section 3(3) of ERISA to which the Borrowers or any of their respective Subsidiaries has any obligation or liability, contingent or otherwise.

(b) Each employee benefit plan of each Borrower or any of its Subsidiaries intended to qualify under Section 401 of the Code does so qualify, and any trust created thereunder is exempt from tax under the provisions of Section 501 of the Code, except where such failures, in the aggregate, would not have a Material Adverse Effect. Each Canadian Pension Plan is duly registered under the ITA and all other applicable laws which require registration, except where such failures, in the aggregate, would not have a Material Adverse Effect.

(c) Each Title IV Plan is in compliance in all material respects with applicable provisions of ERISA, the Code and other Requirements of Law except for noncompliances that, in the aggregate, would not have a Material Adverse Effect.

(d) There has been no, nor is there reasonably expected to occur, any ERISA Event other than those that, in the aggregate, would not have a Material Adverse Effect.

(e) Except to the extent set forth on Schedule 4.16 (List of Plans), none of the Borrowers or any of their respective Subsidiaries or any ERISA Affiliate would have any Withdrawal Liability as a result of a complete withdrawal as of the date hereof from any Multiemployer Plan.

SECTION 4.17 ENVIRONMENTAL MATTERS

(a) The operations of the Borrowers and each of their respective Subsidiaries have been and are in substantial compliance with all Environmental Laws, which compliance includes obtaining, maintaining and complying with all Permits required pursuant to Environmental Laws, other than non-compliance that would not have a reasonable likelihood of any of the Borrower's or their respective Subsidiaries incurring Environmental Liabilities and Costs after the date hereof for which adequate reserves or other appropriate provisions are not being maintained on or before the date hereof whose Dollar Equivalent individually or in the aggregate would exceed $25,000,000.

(b) None of the Borrowers or any of their respective Subsidiaries or any Real Property currently or, to the knowledge of such Borrower, previously owned, operated or leased by such Borrower or any of its Subsidiaries is subject to any pending or, to the knowledge of such Borrower, threatened, claim, order, agreement, notice of violation, notice of potential liability or is the subject of any pending or threatened proceeding or governmental investigation under or pursuant to Environmental Laws other than those that, in the aggregate, are not reasonably likely to result in the Borrowers and their respective Subsidiaries incurring Environmental Liabilities and Costs for which adequate reserves or other appropriate provisions are not being maintained on or before the date hereof whose Dollar Equivalent individually or in the aggregate would exceed $25,000,000.

(c) There are no facts, circumstances or conditions arising out of or relating to the operations or ownership of the Borrowers or of Real Property owned, operated or leased by the Borrowers or any of their respective Subsidiaries that are not specifically included in the financial information furnished to the Lenders other than those that, in the aggregate, would not have a reasonable likelihood of the Borrowers and each of their respective Subsidiaries incurring Environmental Liabilities and Costs for which adequate reserves or other appropriate provisions are not being maintained on or before the date hereof whose Dollar Equivalent individually or in the aggregate would exceed $25,000,000.

(d) As of the date hereof, no Environmental Lien has attached to any property of any Borrower or any of its Subsidiaries and, to the knowledge of such Borrower, no facts, circumstances or conditions exist that could reasonably be expected to result in any such Lien attaching to any such property.

(e) The Borrowers and each of their respective Subsidiaries have made available to the Lenders copies of all material environmental, health or safety audits, studies, assessments, inspections, investigations or other environmental health and safety reports relating to the operations of each Borrower or any of its Subsidiaries or any Real Property of any of them that are in the possession, custody or control of such Borrower or any of its Subsidiaries. Notwithstanding anything to the contrary herein, the matters set forth in this Section 4.7 are the only representations and warranties that the Company makes with respect to environmental health and safety matters.

SECTION 4.18 INTELLECTUAL PROPERTY

The Borrowers and each of their respective Subsidiaries own or license or otherwise have the right to use all licenses, permits, patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, copyright applications, Internet domain names, franchises, authorizations and other intellectual property rights that are necessary for the operations of their respective businesses, without infringement upon or conflict with the rights of any other Person with respect thereto. To the knowledge of each Borrower, none of activities of any Borrower or any of its Subsidiaries infringes upon or conflicts with any intellectual property rights owned by any other Person, and no claim or litigation regarding any of the foregoing is pending or threatened that could reasonably be expected to adversely affect the Company and its Subsidiaries, taken as a whole, by $25,000,000 or more in the aggregate.

SECTION 4.19 TITLE; REAL PROPERTY

(a) Each of the Borrowers and their respective Subsidiaries has good and marketable title to, or valid leasehold interests in, all Real Property and good title to all personal property, in each case that is purported to be owned or leased by it, including those reflected on the most recent Financial Statements delivered by the Company, and none of such properties and assets is subject to any Lien, except Liens permitted under Section 8.2 (Liens, Etc.). The Borrowers and each of their respective Subsidiaries have received all deeds, assignments, waivers, consents, non-disturbance and recognition or similar agreements, bills of sale and other documents in respect of, and have duly effected all recordings, filings and other actions necessary to establish, protect and perfect, each Borrower's and its Subsidiaries' right, title and interest in and to all such property.

(b) Set forth on Schedule 4.19 (Real Property) is a complete and accurate list of all Real Property of each Loan Party and showing, as of the Closing Date, the current street address (including, where applicable, county, state and other relevant jurisdictions), record owner and, where applicable, lessee thereof.

(c) No Loan Party nor any of its Subsidiaries owns or holds, or is obligated under or a party to, any lease, option, right of first refusal or other contractual right to purchase, acquire, sell, assign, dispose of or lease any Real Property of such Loan Party or any of its Subsidiaries.

(d) All Permits required to have been issued or appropriate to enable all Real Property of the Borrowers or any of their respective Subsidiaries to be lawfully occupied and used for all of the purposes for which they are currently occupied and used have been lawfully issued and are in full force and effect, other than those that, in the aggregate, would not have a Material Adverse Effect.

(e) None of the Borrowers or any of their respective Subsidiaries has received any notice, or has any knowledge, of any pending, threatened or contemplated condemnation proceeding affecting any Real Property of any Borrower or any of its Subsidiaries or any part thereof, except those that, in the aggregate, would not have a Material Adverse Effect.

SECTION 4.20 RELATED DOCUMENTS

(a) The execution, delivery and performance by each Loan Party of the Related Documents to which it is a party and the consummation of the Transactions by such Loan Party:

(i) are within such Loan Party's respective corporate, limited liability company, partnership or other powers;

(ii) have been duly authorized by all necessary corporate or other action, including the consent of stockholders where required;

(iii) do not and will not (A) contravene or violate any Loan Party's or any of its Subsidiaries' respective Constituent Documents, (B) violate in any material respect any other Requirement of Law applicable to any Loan Party or any of its Subsidiaries, or any order or decree of any Governmental Authority or arbitrator, (C) conflict with or result in the breach of, constitute a default under, or result in or permit the termination or acceleration of, any Contractual Obligation of any Loan Party or any of its Subsidiaries, except for those that, in the aggregate, would not have a Material Adverse Effect or (D) result in the creation or imposition of any Lien upon any property of any Loan Party or any of its Subsidiaries other than a Lien permitted under Section 8.2 (Liens, Etc.); and

(iv) do not require the consent of, authorization by, approval of, notice to, or filing or registration with, any Governmental Authority or any other Person, other than those that (A) will have been obtained at the Closing Date, each of which will be in full force and effect on the Closing Date, none of which will on the Closing Date impose materially adverse conditions upon the exercise of control by Company over any

of its Subsidiaries and (B) in the aggregate, if not obtained, would not have a Material Adverse Effect.

(b) Each of the Related Documents has been or, when executed, will have been duly executed and delivered by each Loan Party party thereto and at the Closing Date will be the legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms. The Transactions have been consummated or shall be consummated simultaneously with or immediately following the Closing Date, in accordance with the all applicable Requirements of Law and the Related Documents.

(c) None of the Related Documents has been amended or modified in any respect and no provision therein has been waived, except in each case to the extent permitted by Section 8.12 (Modification of Related Documents), and each of the representations and warranties therein are true and correct in all material respects and no default or event that, with the giving of notice or lapse of time or both, would be a default has occurred thereunder.

ARTICLE V

FINANCIAL COVENANTS

Each Borrower agrees with the Lenders, the Issuers and the Administrative Agent to each of the following as long as any Obligation or any Revolving Credit Commitment remains outstanding and, in each case, unless the Requisite Lenders otherwise consent in writing:

SECTION 5.1 MAXIMUM LEVERAGE RATIO

The Company shall maintain a Leverage Ratio, as determined as of the last day of each Fiscal Quarter set forth below, of not more than the maximum ratio set forth below opposite such Fiscal Quarter:

FISCAL QUARTER ENDING	MAXIMUM LEVERAGE RATIO
March 31, 2005	5.25 to 1
June 30, 2005	5.25 to 1
September 30, 2005	5.00 to 1
December 31, 2005	5.00 to 1
March 31, 2006	5.00 to 1
June 30, 2006	4.75 to 1
September 30, 2006	4.75 to 1
December 31, 2006	4.75 to 1
March 31, 2007	4.50 to 1
June 30, 2007	4.50 to 1
September 30, 2007	4.50 to 1
December 31, 2007	4.00 to 1
March 31, 2008	4.00 to 1
June 30, 2008	4.00 to 1
September 30, 2008	4.00 to 1

December 31, 2008	4.00 to 1

FISCAL QUARTER ENDING	MAXIMUM LEVERAGE RATIO
March 31, 2009	3.75 to 1
June 30, 2009	3.75 to 1
September 30, 2009	3.75 to 1
December 31, 2009	3.75 to 1
March 31, 2010	3.50 to 1
June 30, 2010	3.50 to 1
September 30, 2010	3.50 to 1
December 31, 2010	3.50 to 1
March 31, 2011	3.25 to 1
June 30, 2011	3.25 to 1
September 30, 2011	3.25 to 1
December 31, 2011	3.25 to 1

SECTION 5.2 MINIMUM INTEREST COVERAGE RATIO

The Company shall maintain an Interest Coverage Ratio, as determined as of the last day of each Fiscal Quarter set forth below, for the four Fiscal Quarters ending on such day, of at least the minimum ratio set forth below opposite such Fiscal Quarter:

FISCAL QUARTER ENDING	MINIMUM INTEREST COVERAGE RATIO
March 31, 2005	2.75 to 1
June 30, 2005	2.75 to 1
September 30, 2005	2.75 to 1
December 31, 2005	2.75 to 1
March 31, 2006	3.00 to 1
June 30, 2006	3.00 to 1
September 30, 2006	3.00 to 1
December 31, 2006	3.00 to 1
March 31, 2007	3.25 to 1

June 30, 2007	3.25 to 1
September 30, 2007	3.25 to 1
December 31, 2007	3.25 to 1
March 31, 2008	3.25 to 1
June 30, 2008	3.25 to 1
September 30, 2008	3.50 to 1
December 31, 2008	3.50 to 1
March 31, 2009	3.50 to 1
June 30, 2009	3.50 to 1
September 30, 2009	3.50 to 1
December 31, 2009	3.50 to 1
March 31, 2010	3.50 to 1
June 30, 2010	3.50 to 1

FISCAL QUARTER ENDING	MINIMUM INTEREST COVERAGE RATIO
September 30, 2010	3.50 to 1
December 31, 2010	3.50 to 1
March 31, 2011	3.50 to 1
June 30, 2011	3.50 to 1
September 30, 2011	3.50 to 1
December 31, 2011	3.50 to 1

SECTION 5.3 MINIMUM FIXED CHARGE COVERAGE RATIO

The Company shall maintain a Fixed Charge Coverage Ratio, as determined as of the last day of each Fiscal Quarter set forth below, for the four Fiscal Quarters ending on such day, of at least the minimum ratio set forth below opposite such Fiscal Quarter:

FISCAL QUARTER ENDING	MINIMUM FIXED CHARGE COVERAGE RATIO
March 31, 2005	1.20 to 1
June 30, 2005	1.20 to 1
September 30, 2005	1.20 to 1
December 31, 2005	1.20 to 1
March 31, 2006	1.25 to 1
June 30, 2006	1.25 to 1
September 30, 2006	1.25 to 1
December 31, 2006	1.25 to 1
March 31, 2007	1.25 to 1
June 30, 2007	1.25 to 1
September 30, 2007	1.25 to 1
December 31, 2007	1.25 to 1
March 31, 2008	1.25 to 1
June 30, 2008	1.25 to 1
September 30, 2008	1.25 to 1

December 31, 2008	1.25 to 1
March 31, 2009	1.25 to 1
June 30, 2009	1.25 to 1
September 30, 2009	1.25 to 1
December 31, 2009	1.35 to 1
March 31, 2010	1.35 to 1
June 30, 2010	1.35 to 1
September 30, 2010	1.35 to 1
December 31, 2010	1.35 to 1
March 31, 2011	1.35 to 1
June 30, 2011	1.35 to 1
September 30, 2011	1.35 to 1
December 31, 2011	1.35 to 1

ARTICLE VI

REPORTING COVENANTS

Each Borrower agrees with the Lenders, the Issuers and the Administrative Agent to each of the following, as long as any Obligation or any Revolving Credit Commitment remains outstanding and, in each case, unless the Requisite Lenders otherwise consent in writing:

SECTION 6.1 FINANCIAL STATEMENTS

The Company shall furnish to the Administrative Agent (with sufficient copies for each of the Lenders) each of the following:

(a) Quarterly Reports. Within 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year, financial information regarding the Company and its Subsidiaries consisting of Consolidated and consolidating unaudited balance sheets as of the close of such quarter and the related statements of income, stockholders' equity and cash flow for such quarter and that portion of the Fiscal Year ending as of the close of such quarter, setting forth in comparative form the figures for the corresponding period in the prior year, in each case certified by a Responsible Officer of the Company as fairly presenting the Consolidated and consolidating financial position of the Company and its Subsidiaries as at the dates indicated and the results of their operations and cash flow for the periods indicated in accordance with GAAP (subject to the absence of footnote disclosure and normal year-end audit adjustments).

(b) Annual Reports. Within 90 days after the end of each Fiscal Year, financial information regarding the Company and its Subsidiaries consisting of Consolidated and consolidating balance sheets of the Company and its Subsidiaries as of the end of such year and related statements of income, stockholders' equity and cash flows of the Company and its Subsidiaries for such Fiscal Year, all prepared in conformity with GAAP and certified, in the case of such Consolidated Financial Statements, without qualification as to the scope of the audit or as to the Company being a going concern by the Company's Accountants, together with the report of such accounting firm stating that (i) such Financial Statements fairly present the Consolidated financial position of the Company and its Subsidiaries as at the dates indicated and the results of their operations and cash flow for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except for changes with which the Company's Accountants shall concur and that shall have been disclosed in the notes to the Financial Statements) and (ii) the examination by the Company's Accountants in connection with such Consolidated Financial Statements has been made in accordance with generally accepted auditing standards, and (to the extent permitted by generally accepted auditing and professional standards) accompanied by a certificate stating that, in the course of such examination, such accounting firm has obtained no knowledge that a Default or Event of Default under Article V has occurred and is continuing, or, if in the opinion of such accounting firm, such Default or Event of Default has occurred and is continuing, a statement as to the nature thereof.

(c) Compliance Certificate. Together with each delivery of any Financial Statement pursuant to clause (a) or (b) above, a certificate of a Responsible Officer of the Company (each, a "Compliance Certificate") (i) showing in reasonable detail the calculations used in determining the Leverage Ratio (for purposes of determining the Applicable Margin and the Applicable Unused Commitment Fee Rate) and demonstrating compliance with each of the

financial covenants contained in Article V (Financial Covenants) that is tested on a quarterly basis and (ii) stating that no Default or Event of Default has occurred and is continuing or, if a Default or an Event of Default has occurred and is continuing, stating the nature thereof and the action that the Company proposes to take with respect thereto.

(d) Corporate Chart and Other Collateral Updates. Together with each delivery of any Financial Statement pursuant to clause (a) or (b) above, a certificate of a Responsible Officer of the Company certifying that the Corporate Chart attached thereto (or the last Corporate Chart delivered pursuant to this clause (d)) is true, correct, complete and current as of the date of such Financial Statement. The reporting requirements set forth in this clause (d) are in addition to, and are not intended to and shall not replace or otherwise modify, any obligation of any Loan Party under any Loan Document (including other notice or reporting requirements). Compliance with the reporting obligations in this clause (d) shall only provide notice to the Administrative Agent and shall not, by itself, modify any obligation of any Loan Party under any Loan Document, update any Schedule to this Agreement or any schedule to any other Loan Document or cure, or otherwise modify in any way, any failure to comply with any covenant, or any breach of any representation or warranty, contained in any Loan Document or any other Default or Event of Default.

(e) Projections. Not later than the last Business Day of February of each Fiscal Year, and containing substantially the types of financial information contained in the Projections, (i) financial forecasts prepared by management of the Company for each Fiscal Quarter in such Fiscal Year and (ii) financial forecasts prepared by management of the Company for each of the succeeding Fiscal Years through the Fiscal Year in which the Term Loan Maturity Date is scheduled to occur, including, in each instance described in clauses (i) and (ii) above, (x) a projected year-end Consolidated balance sheet and income statement and statement of cash flows and (y) a statement of all of the material assumptions on which such forecasts are based.

(f) Management Letters, Etc. Copies of each management letter, exception report or similar letter or report received by such Loan Party from its independent certified public accountants (including the Company's Accountants) (i) in the case of any such letter or report reflecting a significant deficiency or a material weakness in internal control over financial reporting, within ten Business Days after receipt thereof by any Loan Party, and (ii) in the case of all other such letters or reports, within ten Business Days after receipt thereof by a Responsible Officer of the Company.

(g) Intercompany Loan Balances. Together with each delivery of any Financial Statement pursuant to clause (a), a summary of the outstanding balance of all Pledged Intercompany Notes, as of the last day of the Fiscal Quarter covered by such Financial Statement, certified by a Responsible Officer of the Company.

SECTION 6.2 DEFAULT NOTICES

As soon as practicable, and in any event within five Business Days after a Responsible Officer of any Loan Party has actual knowledge of the existence of any Default, Event of Default or other event having had a Material Adverse Effect or having any reasonable likelihood of causing or resulting in a Material Adverse Change, the Company shall give the Administrative Agent notice specifying the nature of such Default or Event of Default or other event, including the anticipated effect thereof, which notice, if given by telephone, shall be promptly confirmed in writing on the next Business Day.

SECTION 6.3 LITIGATION

Promptly after the commencement thereof, the Company shall give the Administrative Agent written notice of the commencement of all actions, suits and proceedings before any U.S. or non-U.S. Governmental Authority or arbitrator affecting the Borrowers or any of their respective Subsidiaries that (i) seeks injunctive or similar relief or (ii) in the reasonable judgment of the Borrowers or such Subsidiary, expose the Borrowers or such Subsidiary to liability in an amount aggregating the Dollar Equivalent of $15,000,000 or more or that, if adversely determined, would have a Material Adverse Effect.

SECTION 6.4 ASSET SALES

Prior to any Asset Sale, the Net Cash Proceeds of which (or the Dollar Equivalent thereof) are anticipated to exceed $20,000,000 the Company shall send the Administrative Agent a 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 the Company or any of its Subsidiaries.

SECTION 6.5 NOTICES UNDER RELATED DOCUMENTS

Promptly after the sending or filing thereof, the Company shall send the Administrative Agent copies of all material notices, certificates or reports delivered pursuant to, or in connection with, any Related Document.

SECTION 6.6 SEC FILINGS

Promptly after the sending or filing thereof, the Company shall send the Administrative Agent copies of (a) all reports that Company sends to its security holders generally and (b) all reports and registration statements that Company or any of its Subsidiaries files with the Securities and Exchange Commission or any U.S. or non-U.S. securities regulatory authority or securities exchange or the National Association of Securities Dealers, Inc.

SECTION 6.7 LABOR RELATIONS

Promptly after becoming aware of the same, the Company shall give the Administrative Agent written notice of (a) any material labor dispute to which the Company or any of its Subsidiaries is or may become a party, including any strikes, lockouts or other disputes relating to any of such Person's plants and other facilities, and (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.

SECTION 6.8 INSURANCE

As soon as is practicable and in any event within 90 days after the end of each Fiscal Year, the Company shall furnish the Administrative Agent (in sufficient copies for each of the Lenders) with (a) a report in form and substance satisfactory to the Administrative Agent and the Lenders outlining all material insurance coverage maintained as of the date of such report by the Company or any Subsidiary of the Company and the duration of such coverage and (b) an insurance broker's statement that all premiums then due and payable with respect to such coverage have been paid and confirming, with respect to any insurance maintained by any of the

Borrowers or any Loan Party, that the Administrative Agent has been named as loss payee or additional insured, as applicable.

SECTION 6.9 ERISA MATTERS

The Company shall furnish the Administrative Agent (with sufficient copies for each of the Lenders) each of the following:

(a) promptly and in any event within 30 days after the Company, any Subsidiary of the Company or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, written notice describing such event;

(b) promptly and in any event within 10 days after the Company, any Subsidiary of the Company or any ERISA Affiliate knows or has reason to know that a request for a minimum funding waiver under Section 412 of the Code has been filed with respect to any Title IV Plan or Multiemployer Plan, a written statement of a Responsible Officer of the Company describing such ERISA Event or waiver request and the action, if any, the Company, its Subsidiaries and ERISA Affiliates propose to take with respect thereto and a copy of any notice filed with the PBGC or the IRS pertaining thereto; and

(c) simultaneously with the date that the Company, any Subsidiary of the Company or any ERISA Affiliate files a notice of intent to terminate any Title IV Plan, if such termination would require material additional contributions in order to be considered a standard termination within the meaning of Section 4041(b) of ERISA, a copy of each notice.

SECTION 6.10 ENVIRONMENTAL MATTERS

The Company shall provide the Administrative Agent promptly and in any event within 10 days of the Company or any Subsidiary of the Company learning of any of the following, written notice of each of the following:

(a) that the Company or any of its Subsidiaries is or may be liable to any Person as a result of a Release or threatened Release that could reasonably be expected to subject such Loan Party to Environmental Liabilities and Costs the Dollar Equivalent of which individually or in the aggregate with other Releases shall exceed $25,000,000;

(b) the receipt by the Company or any of its Subsidiaries of notification that any real or personal property of such Loan Party is or is reasonably likely to be subject to any Environmental Lien;

(c) the receipt by the Company or any of its Subsidiaries of any notice of violation of or potential liability under, or knowledge by such Person that there exists a condition that could reasonably be expected to result in a violation of or liability under, any Environmental Law, except for violations and liabilities the consequence of which, in the aggregate, would not be reasonably likely to subject the Company and its Subsidiaries collectively to Environmental Liabilities and Costs the Dollar Equivalent of which individually or in the aggregate with other violations or liabilities shall exceed $25,000,000;

(d) the commencement of any judicial or administrative proceeding or investigation alleging a violation of or liability under any Environmental Law, that, in the

aggregate, if adversely determined, would have a reasonable likelihood of subjecting the Company and its Subsidiaries collectively to Environmental Liabilities and Costs the Dollar Equivalent of which individually or in the aggregate with other proceedings or investigations shall exceed $25,000,000;

(e) any proposed acquisition of stock, assets or real estate, any proposed leasing of property or any other action by any Loan Party or any of its Subsidiaries other than those the consequences of which, in the aggregate, do not have a reasonable likelihood of subjecting the Loan Parties collectively to Environmental Liabilities and Costs the Dollar Equivalent of which shall exceed $25,000,000;

(f) any proposed action by any Loan Party or any of its Subsidiaries or any proposed change in Environmental Laws that, in the aggregate, have a reasonable likelihood of requiring the Loan Parties or any of their respective Subsidiaries to obtain additional environmental, health or safety Permits or make additional capital improvements to obtain compliance with Environmental Laws that, in the aggregate, would have cost the Dollar Equivalent of $25,000,000 or more or that shall subject the Loan Parties or any of their respective Subsidiaries to additional Environmental Liabilities and Costs the Dollar Equivalent of which shall exceed $25,000,000, and

(g) upon written request by any Lender through the Administrative Agent, a report providing an update of the status of any environmental, health or safety compliance, hazard or liability issue identified in any notice or report delivered pursuant to this Agreement.

SECTION 6.11 OTHER INFORMATION

The Borrowers shall provide the Administrative Agent or any Lender with such other information respecting the business, properties, condition, financial or otherwise, or operations of the Company or any Subsidiary of the Company as the Administrative Agent or such Lender through the Administrative Agent may from time to time reasonably request.

ARTICLE VII

AFFIRMATIVE COVENANTS

Each Borrower agrees with the Lenders, the Issuers and the Administrative Agent to each of the following, as long as any Obligation or any Revolving Credit Commitment remains outstanding and, in each case, unless the Requisite Lenders otherwise consent in writing:

SECTION 7.1 PRESERVATION OF CORPORATE EXISTENCE, ETC.

Each Borrower shall, and shall cause each of its Subsidiaries to, preserve and maintain its legal existence, rights (charter and statutory) and franchises, except as permitted by Sections 8.4 (Sale of Assets) and 8.7 (Restriction on Fundamental Changes; Permitted Acquisitions).

SECTION 7.2 COMPLIANCE WITH LAWS, ETC.

Each Borrower shall, and shall cause each of its Subsidiaries to, comply with all applicable Requirements of Law, Contractual Obligations and Permits, except where the failure so to comply would not, in the aggregate, have a Material Adverse Effect.

SECTION 7.3 CONDUCT OF BUSINESS

Each Borrower shall, and shall cause each of its Subsidiaries to, (a) conduct its business in the ordinary course consistent with past practice and (b) use its reasonable efforts, in the ordinary course and consistent with past practice, to preserve its business and the goodwill and business of the customers, advertisers, suppliers and others having business relations with each Borrower or any of its Subsidiaries, except in each case where the failure to comply with the covenants in each of clauses (a) and (b) above would not, in the aggregate, have a Material Adverse Effect.

SECTION 7.4 PAYMENT OF TAXES, ETC.

Each Borrower shall, and shall cause each of its Subsidiaries to, pay and discharge before the same shall become delinquent, all lawful governmental claims, taxes, assessments, charges and levies, except where contested in good faith, by proper proceedings and adequate reserves therefor have been established on the books of such Borrower or the appropriate Subsidiary in conformity with GAAP.

SECTION 7.5 MAINTENANCE OF INSURANCE

Each Borrower shall (a) maintain for, itself, and each Borrower shall cause to be maintained for each of its Subsidiaries, insurance (including flood insurance) with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which such Borrower or such Subsidiary operates and, in any event, all insurance required by any Collateral Document and (b) cause all such insurance policies relating to any Loan Party to name the Administrative Agent on behalf of the Secured Parties as additional insured or loss payee, as appropriate, and to provide that no cancellation, material addition in amount or material change in coverage shall be effective until after 30 days' written notice thereof to the Administrative Agent.

SECTION 7.6 ACCESS

Each Borrower shall, and shall cause each of its Subsidiaries to, from time to time permit the Administrative Agent and the Lenders, or any agents or representatives thereof (at reasonable intervals, during normal business hours and within five Business Days after written notification of the same to a Responsible Officer of such Borrower, except that, during the continuance of an Event of Default, none of such restrictions shall be applicable) to (a) examine and make copies of and abstracts from the records and books of account of such Borrower and each Subsidiary of such Borrower, (b) visit the properties of such Borrower and each Subsidiary of such Borrower and (c) discuss the affairs, finances and accounts of such Borrower and each Subsidiary of such Borrower with any of their respective officers or directors. Each Borrower shall authorize its certified public accountants (including the Company's Accountants) to communicate directly with the Administrative Agent, Lenders or any agents or representatives

thereof and disclose to the Administrative Agent or any Lender any and all financial statements and other information of any kind, as the Administrative Agent or any Lender reasonably requests and that such accountants may have with respect to the business, financial condition, results of operations or other affairs of such Borrower or any such Subsidiaries.

SECTION 7.7 KEEPING OF BOOKS

Each Borrower shall, and shall cause each of its Subsidiaries to, keep proper books of record and account, in which full and correct entries shall be made in conformity with GAAP of all financial transactions and the assets and business of such Borrower and each such Subsidiary.

SECTION 7.8 MAINTENANCE OF PROPERTIES, ETC.

Each Borrower shall, and shall cause each of its Subsidiaries to, maintain and preserve (a) in good working order and condition all of its properties necessary in the conduct of its business, (b) all rights, permits, licenses, approvals and privileges (including all Permits) used or useful or necessary in the conduct of its business and (c) all registered patents, trademarks, trade names, copyrights and service marks with respect to its business, except where failure to so maintain and preserve the items set forth in clauses (a), (b) and (c) above would not, in the aggregate, have a Material Adverse Effect.

SECTION 7.9 APPLICATION OF PROCEEDS

The Borrowers (and, to the extent distributed to them by any Borrower, each of its Subsidiaries) shall use the entire amount of the proceeds of the Loans as provided in Section 4.13 (Use of Proceeds).

SECTION 7.10 ENVIRONMENTAL

Each Borrower shall, and shall cause each of its Subsidiaries to, comply in all material respects with Environmental Laws and, without limiting the foregoing, any Borrower shall, at its sole cost and expense, upon receipt of any notification or otherwise obtaining knowledge of any Release or other event that has any reasonable likelihood of resulting in such Borrower or any Subsidiary of such Borrower incurring Environmental Liabilities and Costs the Dollar Equivalent of which shall exceed $25,000,000 in the aggregate, take such Remedial Action and undertake such investigation or other action as required by Environmental Laws or any Governmental Authority or as is appropriate and consistent with good business practice to address the Release or event and otherwise ensure compliance in all material respects with Environmental Laws.

SECTION 7.11 ADDITIONAL COLLATERAL AND GUARANTIES

To the extent not delivered to the Administrative Agent on or before the Closing Date (including in respect of after-acquired property and Persons that become Wholly-Owned Subsidiaries of any Loan Party after the Closing Date), each Borrower agrees promptly to do, or cause each of its Subsidiaries to do, each of the following, unless otherwise agreed by the Administrative Agent in its reasonable discretion:

(a) subject to applicable Requirements of Law, execute and deliver to the Administrative Agent such amendments to the Collateral Documents as the Administrative Agent deems necessary or reasonably advisable in order to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in the assets, Stock and Stock Equivalents, Intercompany Notes and other debt Securities of any Wholly-Owned Subsidiary that are owned by the Company or any of its Subsidiaries and requested to be pledged by the Administrative Agent;

(b) deliver to the Administrative Agent the certificates (if any) or instruments representing such Stock and Stock Equivalents, Intercompany Notes and other debt Securities, together with (i) in the case of such certificated Stock and Stock Equivalents, undated stock powers endorsed in blank and (ii) in the case of such Intercompany Notes and certificated debt Securities, endorsed in blank, in each case executed and delivered by a Responsible Officer of the Company or such Subsidiary, as the case may be;

(c) subject to applicable Requirements of Law, in the case of any new Wholly-Owned Subsidiary, cause such new Subsidiary (i) to become a party to a Guaranty and the applicable Collateral Documents or enter into new Collateral Documents and (ii) to take such other actions necessary or advisable to grant to the Administrative Agent for the benefit of the Secured Parties a perfected security interest in the Collateral described in such Collateral Documents with respect to such new Subsidiary, including the filing of UCC financing statements (or the applicable equivalent) in such jurisdictions as may be required by the Collateral Documents or by any Requirement of Law or as may be reasonably requested by the Administrative Agent;

(d) to take such other actions necessary or, in the reasonable judgment of the Administrative Agent, advisable to ensure the validity or continuing validity of the guaranties or to create, maintain or perfect the security interest required to be granted pursuant to clause (a), (b) or (c) above, including the filing of UCC financing statements (or the applicable equivalent) in such jurisdictions and, in the case of Real Property, title insurance, surveys and such other supporting documentation as may be required by the Collateral Documents or by law or as may be reasonably requested by the Administrative Agent; and

(e) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

SECTION 7.12 CONTROL ACCOUNTS, APPROVED DEPOSIT ACCOUNTS

(a) Each Borrower shall, and shall cause each Loan Party, to (i) deposit all cash in an Approved Deposit Account or such other account subject to a first priority perfected security interest in favor of the Administrative Agent for the benefit of the Secured Parties, (ii) not establish or maintain any Securities Account that is not a Control Account or such other account subject to a first priority perfected security interest in favor of the Administrative Agent for the benefit of the Secured Parties and (iii) not establish or maintain any Deposit Account other than with a Deposit Account Bank; provided, however, that each Borrower and each of its Subsidiaries may (A) maintain payroll, withholding tax and other fiduciary accounts, (B) maintain accounts with the Administrative Agent and (C) maintain other accounts as long as the aggregate balance in all such accounts does not exceed the Dollar Equivalent of $50,000,000.

(b) The Administrative Agent may establish one or more Cash Collateral Accounts with such depositaries and Securities Intermediaries as it in its sole discretion shall determine. The Company agrees that each such Cash Collateral Account shall meet the requirements set forth in the definition of "Cash Collateral Account". Without limiting the foregoing, funds on deposit in any Cash Collateral Account may be invested (but the Administrative Agent shall be under no obligation to make any such investment) in Cash Equivalents at the direction of the Administrative Agent and, except during the continuance of an Event of Default, the Administrative Agent agrees with the Company to issue Entitlement Orders for such investments in Cash Equivalents as requested by the Company; provided, however, that the Administrative Agent shall not have any responsibility for, or bear any risk of loss of, any such investment or income thereon. None of the Borrowers, any Subsidiary of any Borrower or any other Loan Party or Person claiming on behalf of or through the Borrowers, any Subsidiary of any Borrower or any other Loan Party shall have any right to demand payment of any funds held in any Cash Collateral Account at any time prior to the termination of all outstanding Letters of Credit and the payment in full of all then outstanding and payable monetary Obligations. The Administrative Agent shall apply all funds on deposit in a Cash Collateral Account as provided in Section 2.9 (Mandatory Prepayments).

SECTION 7.13 REAL PROPERTY

(a) At least 10 days prior to (i) entering into any Lease (other than a renewal of an existing Lease) for the principal place of business and chief executive office of any Borrower or any other Guarantor or any other Lease (including any renewal) in which the Dollar Equivalent of the annual rental payments are anticipated to equal or exceed $10,000,000 or (ii) acquiring any material owned Real Property, such Borrower shall, and shall cause such Guarantor to, provide the Administrative Agent written notice thereof.

(b) To the extent not previously delivered to the Administrative Agent, upon written request of the Administrative Agent, the Company shall, and shall cause each Subsidiary Guarantor to, execute and deliver to the Administrative Agent, for the benefit of the Secured Parties, promptly and in any event not later than 45 days after receipt of such notice (or, if such notice is given by the Administrative Agent prior to the acquisition of such Real Property or Lease, immediately upon such acquisition), a mortgage (or similar security document) on any Real Property or Lease of the Company or such Subsidiary Guarantor, together with, if requested by the Administrative Agent, all Collateral Documents (including any supporting documentation) deemed by the Administrative Agent to be appropriate in the applicable jurisdiction to obtain the equivalent in such jurisdiction of a first-priority Lien on such Real Property or Lease.

SECTION 7.14 INTEREST RATE CONTRACTS

In the event the obligations under the Seller Note (or, if funded, the Senior Unsecured Facility) have not been repaid in full 180 days after the Closing Date, the Company shall enter into an Interest Rate Contract or Contracts, on terms and with counterparties satisfactory to the Administrative Agent to provide protection against interest rates on Indebtedness bearing floating interest rates for a period of three years with respect to a notional amount equal to at least 45% of the aggregate total Indebtedness of the Borrowers.

SECTION 7.15 POST-CLOSING COVENANTS

The Borrowers shall comply with the terms and conditions set forth on Schedule 7.15 (Post-Closing Covenants); provided, however, that, except for the items set forth in Paragraphs 1 through 6, the period set forth in such Schedule may be extended (a) once by the Administrative Agent, in its sole discretion, by up to 30 days and (b) thereafter, once by 90 days upon written request by the Company to the Administrative Agent; provided, however, that, in the case of clause (b), the Applicable Margin shall be immediately increased by 0.50% per annum upon such extension until the first day following the completion, in form and substance satisfactory to the Administrative Agent, of all of the covenants set forth on such Schedule.

ARTICLE VIII

NEGATIVE COVENANTS

Each Borrower agrees with the Lenders, the Issuers and the Administrative Agent to each of the following, as long as any Obligation or any Commitment remains outstanding and, in each case, unless the Requisite Lenders otherwise consent in writing:

SECTION 8.1 INDEBTEDNESS

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, directly or indirectly create, incur, assume or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except for the following:

(a) the Secured Obligations (other than in respect of Hedging Contracts not permitted to be incurred pursuant to clause (i) below) and Guaranty Obligations in respect thereto;

(b) Indebtedness of the Company incurred in connection with the Spin-Off under (i) the Seller Note, (ii) any refinancing of the Seller Note with proceeds of the Senior Unsecured Facility or the Senior Notes and (iii) any refinancing of the Senior Unsecured Facility with proceeds of the Senior Notes; provided, however, that the Dollar Equivalent of the aggregate principal amount of Indebtedness permitted pursuant to this clause (b) shall not exceed $1,400,000,000 at any time;

(c) Indebtedness existing on the date of this Agreement and disclosed on Schedule 8.1 (Existing Indebtedness);

(d) Guaranty Obligations incurred by any Loan Party in respect of Indebtedness of any other Loan Party that is otherwise permitted by this Section 8.1;

(e) Capital Lease Obligations and purchase money Indebtedness incurred by the Borrowers or any of their respective Subsidiaries to finance the acquisition of fixed assets; provided, however, that the Dollar Equivalent of the aggregate outstanding principal amount of all such Capital Lease Obligations and purchase money Indebtedness, together with all Permitted Refinancings thereof, shall not exceed $100,000,000 at any time;

(f) a sale and leaseback transaction permitted pursuant to Section 8.16(b)(ii) (Operating Leases; Sale/Leasebacks) to the extent such transaction would constitute Indebtedness;

(g) Indebtedness arising from intercompany loans among the Company and its Subsidiaries permitted under Section 8.3 (Investments);

(h) (i) Indebtedness arising under any performance or surety bond or any bond related to worker's compensation entered into in the ordinary course of business and (ii) Indebtedness arising under appeal bonds in connection with judgments which, in the absence of such appeal bonds, could not reasonably be expected to result in a Default or an Event of Default;

(i) Obligations under Interest Rate Contracts mandated by Section 7.14 (Interest Rate Contracts) and other Hedging Contracts unless prohibited under Section 8.17 (No Speculative Transactions).

(j) unsecured Indebtedness not otherwise permitted under this Section 8.1 of (i) the Loan Parties (other than the German Borrower) and (ii) the Subsidiaries of the Company that are not Loan Parties; provided, however, that the Dollar Equivalent of the aggregate outstanding principal amount of all such unsecured Indebtedness permitted (x) pursuant to this clause (j) shall not exceed $100,000,000 at any time and (y) pursuant to subclause (ii) above shall not exceed $50,000,000 at any time

(k) unsecured Indebtedness of the Company and the U.S. Borrower; provided, however, that (i) on the date of the incurrence of such Indebtedness, the Company shall be in pro forma compliance with Section 5.1 (Maximum Leverage Ratio), (ii) such Indebtedness shall be on market terms and (iii) no scheduled payment of principal on such Indebtedness shall be required prior to six months after the Term Loan Maturity Date;

(l) Indebtedness of any Securitization Subsidiary under any Securitization Facility (i) that is without recourse to the Company or any other Subsidiary of the Company or any of their respective assets (other than pursuant to representations, warranties, covenants and indemnities customary for such transactions), (ii) the payment of principal and interest in respect of which is not guaranteed by the Company or any other Subsidiary of the Company, (iii) in respect of which the governing documentation is in form and substance reasonably satisfactory to the Administrative Agent, and (iv) that is on customary terms and conditions; provided, however, that the aggregate outstanding principal amount of the Indebtedness of the Company and its Subsidiaries under all Securitization Facilities shall not exceed the Dollar Equivalent of $300,000,000 at any time;

(m) Indebtedness of any Person existing at the time such Person is acquired in connection with a Permitted Acquisition; provided, however, that such Indebtedness is not incurred in connection with or in contemplation of such Permitted Acquisition;

(n) Indebtedness arising under the NKL Facility or a sale and leaseback transaction permitted pursuant to Section 8.16(b)(i) (Operating Leases; Sale/Leasebacks) to the extent such transaction would constitute Indebtedness; and

(o) Indebtedness consisting of working capital facilities, lines of credit or cash management arrangements for Subsidiaries of the Company organized in jurisdictions

outside of the United States and Canada (other than any Borrower); provided, however, that (i) in the case of NKL, the Dollar Equivalent of the aggregate principal amount of such Indebtedness outstanding at any time shall not exceed $50,000,000 and (ii) in the case of any other Subsidiary, the Dollar Equivalent of the aggregate principal amount of such Indebtedness outstanding at any time of all such Subsidiaries shall not exceed $50,000,000;

(p) Indebtedness in respect of indemnification obligations or obligations in respect of purchase price adjustments or similar obligations incurred or assumed by Company and its Subsidiaries in connection with an Asset Sale or sale of Stock of the Company otherwise permitted under this Agreement;

(q) guaranties in the ordinary course of business of any Person of the obligations of suppliers, customers or licensees;

(r) Indebtedness of NKL arising under letters of credit issued in the ordinary course of business consistent with past practice; and

(s) any Permitted Refinancing of the Indebtedness permitted by clause (b), (c), (e), (f), (m) or (n) above.

SECTION 8.2 LIENS, ETC.

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, create or suffer to exist, any Lien upon or with respect to any of their respective properties or assets, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, except for the following:

(a) Liens created pursuant to the Loan Documents;

(b) Liens existing on the date of this Agreement and disclosed on Schedule 8.2 (Existing Liens);

(c) Customary Permitted Liens on the assets of the Borrowers and the Borrowers' Subsidiaries;

(d) purchase money Liens granted by the Borrowers or any of their respective Subsidiaries (including the interest of a lessor under a Capital Lease and purchase money Liens to which any property is subject at the time, on or after the date hereof, of any Borrower's or such Subsidiary's acquisition thereof) securing Indebtedness permitted under Section 8.1(e) (Indebtedness) and limited in each case to the property purchased with the proceeds of such purchase money Indebtedness or subject to such Capital Lease;

(e) Liens in favor of lessors securing operating leases or, to the extent such transactions create a Lien hereunder, sale and leaseback transactions, in each case to the extent such operating leases or sale and leaseback transactions are permitted hereunder;

(f) Liens on assets that are acquired in connection with a Permitted Acquisition; provided, however, that any such Lien is not incurred in connection with Indebtedness incurred in contemplation of such Permitted Acquisition;

(g) Liens granted in connection with Indebtedness permitted under Section 8.1(l) and limited in each case to the Securitization Assets transferred or assigned pursuant to the related Securitization Facility;

(h) Liens securing Indebtedness of Subsidiaries of the Company permitted under Section 8.1(o); provided, however, that the Dollar Equivalent of the aggregate principal amount of such Indebtedness that may be secured by Liens pursuant to this clause (h) shall not exceed $25,000,000 at any time; and

(i) any Lien securing the Permitted Refinancing of any Indebtedness secured by any Lien permitted by clause (b), (d), (g) or (h) above or this clause (i) without any change in the assets subject to such Lien and to the extent such Permitted Refinancing is permitted by Section 8.1(s) (Indebtedness);

(j) Liens not otherwise permitted by the foregoing clauses of this Section 8.2 securing Indebtedness or other liabilities of any Loan Party; provided, however, that the Dollar Equivalent of the aggregate principal amount of all such obligations and liabilities shall not exceed $50,000,000 at any time.

SECTION 8.3 INVESTMENTS

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to make or maintain, directly or indirectly, any Investment, except for the following:

(a) Investments existing on the date of this Agreement and disclosed on Schedule 8.3 (Existing Investments);

(b) Investments in cash and Cash Equivalents;

(c) Investments in payment intangibles, chattel paper (each as defined in the UCC) and Accounts, notes receivable and similar items arising or acquired in the ordinary course of business;

(d) Investments received in settlement of amounts due to the Borrowers or any of their respective Subsidiaries effected in the ordinary course of business;

(e) Investments in the form of intercompany loans made by:

(i) any U.S./Canadian Loan Party to any other U.S./Canadian Loan Party;

(ii) the U.S. Borrower, the Canadian Borrower or the Swiss Borrower to any other Loan Party (other than another Borrower) in the ordinary course of business; provided, however, that such intercompany loan shall be evidenced by an Intercompany Note that is a Pledged Secured Intercompany Note;

(iii) the U.S. Borrower, the Canadian Borrower or the Swiss Borrower to a Subsidiary of the Company that is not a Loan Party in the ordinary course of business; provided, however, that (A) such intercompany loan shall be evidenced by a

Pledged Intercompany Note and (B) the aggregate principal amount of all such loans outstanding at any time pursuant to this clause (iii) shall not exceed $75,000,000;

(iv) the Canadian Borrower to the German Borrower; provided, however, that (A) such intercompany loan shall be (1) made from the proceeds of the Canadian Dollar Loans and (2) evidenced by a Pledged Secured Intercompany Note and (B) the aggregate principal amount of all such loans outstanding at any time pursuant to this clause (iv) shall not exceed $50,000,000;

(v) any Subsidiary of the Company that is not a Loan Party to any Loan Party (other than the German Borrower) or to another Subsidiary of the Company that is not a Loan Party; or

(vi) the Company or any Subsidiary of the Company to another Subsidiary of the Company; provided, however, that each such intercompany loan shall not be outstanding for more than five Business Days and the Dollar Equivalent of the aggregate principal amount of all such loans outstanding at any time pursuant to this clause (vi) shall not exceed $10,000,000;

(f) loans or advances to employees of the Borrowers or any of their respective Subsidiaries in the ordinary course of business other than any loans or advances that would be in violation of Section 402 of the Sarbanes-Oxley Act; provided, however, that the Dollar Equivalent of the aggregate principal amount of all loans and advances permitted pursuant to this clause (f) shall not exceed $15,000,000 at any time;

(g) Guaranty Obligations permitted by Section 8.1 (Indebtedness); and

(h) Investments in Norf GmbH for purposes of making Capital Expenditures in an aggregate amount not to exceed $10,000,000 during any Fiscal Year;

(i) Investments (A) made by any Loan Party in connection with a Permitted Acquisition, (B) in promissory notes or other assets received in consideration from Asset Sales permitted under Section 8.4(i) (Sale of Assets) and (C) in Securitization Subsidiaries in connection with Securitization Facilities;

(j) Investments constituting Post-Closing Spin-off Transactions; provided, however, that the Borrowers comply with the provisions of Section 7.11 (Additional Collateral and Guaranties) and Section 7.13 (Real Property) in connection therewith and that no Event of Default has occurred and is continuing at the time such Investment is made or would result therefrom; and

(k) Investments not otherwise permitted hereby, including other Investments in any Subsidiary of the Company or any other Permitted Joint Venture; provided, however, that (i) the Dollar Equivalent of the aggregate outstanding amount of all such Investments (less any dividends or distributions or repayment of principal received in respect thereof) shall not exceed $50,000,000 at any time and (ii) in the case of Investments in the form of intercompany loans, each such loan shall be (A) to the extent required under clause (e)(ii) or clause (e)(iv) above, evidenced by a Pledged Secured Intercompany Note, (B) to the extent required under clause (e)(iii) above, evidenced by a Pledged Intercompany Note and (C) to the extent required under clause (e)(iv) above, made from the proceeds of the Canadian Dollar Loans.

SECTION 8.4 SALE OF ASSETS

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, sell, convey, transfer, lease or otherwise dispose of, any of their respective assets or any interest therein (including the sale or factoring at maturity or collection of any accounts) to any Person, or permit or suffer any other Person to acquire any interest in any of their respective assets or, issue or sell any shares of their Stock or any Stock Equivalents (any such disposition, other than any Equity Issuance of the Company's Stock, being an "Asset Sale"), except for the following:

(a) the sale or disposition of Cash Equivalents or Inventory, in each case in the ordinary course of business;

(b) the sale or disposition of Equipment that has become obsolete or is replaced in the ordinary course of business;

(c) (i) a true lease or sublease of Real Property not constituting Indebtedness and not constituting a sale and leaseback transaction as permitted under Section 8.16(a) (Operating Leases; Sale/Leasebacks) and (ii) a sale of assets pursuant to a sale and leaseback transaction as permitted under Section 8.16(b)(ii) (Operating Leases; Sale/Leasebacks);

(d) assignments and licenses of intellectual property of any Borrower and its Subsidiaries in the ordinary course of business;

(e) any Asset Sale in the ordinary course of business (i) by and among the Loan Parties and (ii) by and among Subsidiaries of the Company that are not Loan Parties;

(f) sales, transfers and other dispositions of Receivables and Related Security to a Securitization Subsidiary for the Fair Market Value thereof and all sales, transfers or other dispositions of Securitization Assets by a Securitization Subsidiary under, and pursuant to, a related Securitization Facility;

(g) any Asset Sale pursuant to any Post-Closing Spin-off Transaction; and

(h) a sale of assets pursuant to a sale and leaseback transaction as permitted under Section 8.16(b)(i) (Operating Leases; Sale/Leasebacks);

(i) as long as no Default or Event of Default is continuing or would result therefrom, any other Asset Sale for Fair Market Value, with at least 80% of the consideration received for all such Asset Sales payable in cash upon such sale; provided, however, that with respect to any such Asset Sale pursuant to this clause (i), (x) the Dollar Equivalent of the aggregate consideration received during any Fiscal Year for all such Asset Sales shall not exceed $100,000,000 and (y) an amount equal to all Net Cash Proceeds of such Asset Sale are applied to the payment of the Obligations as set forth in, and to the extent required by, Section 2.9 (Mandatory Prepayments).

SECTION 8.5 RESTRICTED PAYMENTS

The Borrowers shall not, and shall not permit any of their respective Subsidiaries to, directly or indirectly, declare, order, pay, make or set apart any sum for any Restricted Payment, except for the following:

(a) (i) in the case of any Wholly-Owned Subsidiary of any Borrower, Restricted Payments by such Subsidiary to such Borrower or any Guarantor and (ii) in the case any Permitted Joint Venture, any Restricted Payment made simultaneously by such Subsidiary to all Persons holding such Subsidiary's Stock; provided, however, that such Restricted Payments shall be on a pro rata basis based upon each such Person's ownership percentage of such Subsidiary's Stock (other than Restricted Payments of up to $13,000,000 required to be paid as a priority payment to Taihan Electric Wire Co., Ltd. under the Constituent Documents of NKL);

(b) dividends and distributions declared and paid on the Stock of the Company and payable only in Stock (other than any Disqualified Stock) of the Company; and

(c) cash dividends on the Stock of the Company in an aggregate amount not to exceed the following amounts paid and declared in any Fiscal Year ending after the Closing Date: (i) for the Fiscal Year ending December 31, 2005, $45,000,000 and (ii) for each Fiscal Year thereafter, 50% of the Consolidated Net Income of the Company for the previous Fiscal Year; provided, however, that the Restricted Payments described in this clause (c) shall not be permitted if a Default or Event of Default shall have occurred and be continuing at the date of declaration or payment thereof or would result therefrom.

SECTION 8.6 PREPAYMENT AND CANCELLATION OF INDEBTEDNESS

(a) None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, cancel any claim or Indebtedness owed to any of them except in the ordinary course of business consistent with past practice.

(b) None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, (i) prepay, redeem, purchase, defease or otherwise satisfy ("prepay") prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Indebtedness; provided, however, that any Borrower and each Subsidiary of such Borrower may (A) prepay the Obligations in accordance with the terms of this Agreement, (B) make regularly scheduled or otherwise required repayments or redemptions of Indebtedness and (C) prepay any Indebtedness payable to such Borrower by any of its Subsidiaries; provided, further, that the German Borrower may not prepay Indebtedness under any Pledged Intercompany Note issued on the Closing Date (or pursuant to any Post-Closing Spin-Off Transaction) by such Borrower and (ii) renew, extend, refinance and refund Indebtedness, unless such renewal, extension, refinancing or refunding is permitted under Section 8.1(s) (Indebtedness).

SECTION 8.7 RESTRICTION ON FUNDAMENTAL CHANGES; PERMITTED ACQUISITIONS

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, (a) except in connection with a Permitted Acquisition or a Post-Closing Spin-off Transaction, (i) merge with any Person, (ii) consolidate with any Person, (iii) acquire all or substantially all of the Stock or Stock Equivalents of any Person or (iv) acquire all or substantially all of the assets of any Person or all or substantially all of the assets constituting the

business of a division, branch or other unit operation of any Person, (b) enter into any joint venture or partnership with any Person (other than a Permitted Joint Venture, the Investment in which is permitted pursuant to Section 8.3(k) (Investments) or (c) acquire or create any Subsidiary unless, after giving effect to such creation or acquisition, such Subsidiary is a Wholly-Owned Subsidiary of a Borrower, such Borrower is in compliance with Section 7.11 (Additional Collateral and Guaranties) and the Investment in such Subsidiary is permitted under Section 8.3(c) (Investments). None of the Borrowers shall permit (a) any person or group of persons (within the meaning of the Securities Exchange Act of 1934, as amended) to acquire beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) of 30% or more of the issued and outstanding Voting Stock of the Company or (b) the Company to cease to own and control all of the economic and voting rights associated with all of the outstanding Stock of (i) the U.S. Borrower and (ii) directly or indirectly, except pursuant to an Asset Sale permitted under Section 8.4(i) (Sale of Assets) after the payment in full of all Obligations (and termination of all Commitments and other rights under the Loan Documents) of such Borrower, each other Borrower.

SECTION 8.8 CHANGE IN NATURE OF BUSINESS

(a) The Borrowers shall not, and shall not permit any of their respective Subsidiaries to, make any material change in the nature or conduct of its business as carried on at the date hereof, whether in connection with a Permitted Acquisition or otherwise.

(b) Each of Novelis Europe Holdings Limited, Novelis Aluminium Holdings Company, 4260848 Canada Inc., 4260856 Canada Inc., Novelis Luxembourg Participations S.A. and France Holdco shall not engage in any business or activity other than (i) holding shares in the Stock of its Subsidiaries, (ii) paying taxes, (iii) preparing reports to Governmental Authorities and to its shareholders and (iv) holding directors and shareholders meetings, preparing corporate records and other corporate activities required to maintain its separate corporate structure.

(c) No Securitization Subsidiary shall engage in any business or activity other than performing its obligations under the related Securitization Facility.

SECTION 8.9 TRANSACTIONS WITH AFFILIATES

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, except as otherwise expressly permitted herein, do any of the following: (a) make any Investment in an Affiliate of the Company that is not a Subsidiary of the Company, (b) transfer, sell, lease, assign or otherwise dispose of any asset to any Affiliate of the Company that is not a Subsidiary of the Company (other than Restricted Payments to the Company permitted under Section 8.5 (Restricted Payments)), (c) merge into or consolidate with or purchase or acquire assets from any Affiliate of the Company that is not a Subsidiary of the Company, (d) repay any Indebtedness to any Affiliate of the Company that is not a Subsidiary of the Company or (e) enter into any other transaction directly or indirectly with or for the benefit of any Affiliate of the Company that is not a Borrower or a Guarantor (including guaranties and assumptions of obligations of any such Affiliate), except for, in the case of this clause (e), (i) transactions in the ordinary course of business on a basis no less favorable to such Borrower or, as the case may be, such Subsidiary thereof as would be obtained in a comparable arm's length transaction with a Person not an Affiliate thereof, (ii) salaries and other director or employee compensation to officers or directors of such Borrower or any of its Subsidiaries commensurate

with current compensation levels, (iii) Securitization Facilities and transactions in connection therewith on a basis no less favorable to such Borrower or, as the case may be, such Subsidiary thereof as would be obtained in a comparable arm's length transaction with a Person not an Affiliate thereof and (iv) Restricted Payments to the Company permitted under Section 8.5 (Restricted Payments).

SECTION 8.10 LIMITATIONS ON RESTRICTIONS ON SUBSIDIARY DISTRIBUTIONS; NO NEW NEGATIVE PLEDGE

Except pursuant to the Loan Documents and the Senior Unsecured Facility Documents, any agreements governing purchase money Indebtedness or Capital Lease Obligations permitted by Section 8.1(b), (e) or (s) (Indebtedness) (in which latter case, any prohibition or limitation shall only be effective against the assets financed thereby, or in the case of a Securitization Facility, the Securitization Assets) and any agreements governing a Securitization Facility, each Borrower shall not, and shall not permit any of its Subsidiaries to, (a) agree to enter into or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of such Subsidiary to pay dividends or make any other distribution or transfer of funds or assets or make loans or advances to or other Investments in, or pay any Indebtedness owed to, such Borrower or any other Subsidiary of such Borrower or (b) enter into or suffer to exist or become effective any agreement prohibiting or limiting the ability of such Borrower or any Subsidiary of such Borrower to create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, to secure the Obligations, including any agreement requiring any other Indebtedness or Contractual Obligation to be equally and ratably secured with the Obligations.

SECTION 8.11 MODIFICATION OF CONSTITUENT DOCUMENTS

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, change its capital structure (including in the terms of its outstanding Stock) or otherwise amend its Constituent Documents, except pursuant to any Post-Closing Spin-Off Transaction and for changes and amendments that do not materially affect the interests of the Administrative Agent, the Lenders and the Issuers under the Loan Documents or in the Collateral.

SECTION 8.12 MODIFICATION OF RELATED DOCUMENTS

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, (a) alter, rescind, terminate, amend, supplement, waive or otherwise modify any provision of any Related Document (except for modifications to the terms of any Indebtedness (or any indenture or agreement in connection therewith) permitted under Section 8.13 (Modification of Debt Agreements) and modifications that do not materially affect the rights and privileges of the Borrowers or any of their respective Subsidiaries under such Related Document and that do not materially affect the interests of the Secured Parties under the Loan Documents or in the Collateral) or (b) permit any breach or default to exist under any Related Document or take or fail to take any action thereunder, if to do so could reasonably be expected to have a Material Adverse Effect.

SECTION 8.13 MODIFICATION OF DEBT AGREEMENTS

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, change or amend the terms of any Related Document evidencing Indebtedness or

any Subordinated Debt or any Permitted Refinancing thereof (or any indenture or agreement or other material document entered into in connection therewith) if the effect of such amendment is to (a) increase the interest rate on such Indebtedness, (b) change the dates upon which payments of principal or interest are due on such Indebtedness other than to extend such dates, (c) change any default or event of default other than to delete or make less restrictive any default provision therein, or add any covenant with respect to such Indebtedness, (d) change the subordination provisions of such Indebtedness if such Indebtedness is Subordinated Debt in an manner adverse to the Lenders, (e) change the redemption or prepayment provisions of such Indebtedness other than to extend the dates therefor or to reduce the premiums payable in connection therewith or (f) change or amend any other term if such change or amendment would materially increase the obligations of the obligor or confer additional material rights to the holder of such Indebtedness in a manner adverse to any Borrower, any Subsidiary of such Borrower, the Administrative Agent or any Lender.

SECTION 8.14 ACCOUNTING CHANGES; FISCAL YEAR

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, change its (a) accounting treatment and reporting practices or tax reporting treatment, except as required by GAAP or any Requirement of Law and disclosed to the Lenders and the Administrative Agent or (b) fiscal year.

SECTION 8.15 MARGIN REGULATIONS

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, use all or any portion of the proceeds of any credit extended hereunder to purchase or carry margin stock (within the meaning of Regulation U of the Federal Reserve Board) in contravention of Regulation U of the Federal Reserve Board.

SECTION 8.16 OPERATING LEASES; SALE/LEASEBACKS

(a) None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, become or remain liable as lessee or guarantor or other surety with respect to any operating lease, unless the Dollar Equivalent of the aggregate amount of all rents paid or accrued under all such operating leases shall not exceed $25,000,000 in any Fiscal Year.

(b) None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, enter into any sale and leaseback transaction if, after giving effect to such sale and leaseback transaction, (i) in the case of NKL, the Dollar Equivalent of the aggregate Fair Market Value of all properties covered by sale and leaseback transactions entered into by NKL would exceed $200,000,000 and (ii) in the case of the Company or any other Subsidiary of the Company, the Dollar Equivalent of the aggregate Fair Market Value of all properties covered by sale and leaseback transactions entered into by all such Persons would exceed $100,000,000.

SECTION 8.17 NO SPECULATIVE TRANSACTIONS

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, engage in (a) any speculative transaction or (b) in any transaction involving Hedging Contracts, except for the sole purpose of hedging in the normal course of business and consistent with industry practices.

SECTION 8.18 COMPLIANCE WITH ERISA

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries or any ERISA Affiliate to, cause or permit to occur, ERISA Events that, in the aggregate, would, at anytime, have a Material Adverse Effect.

SECTION 8.19 ENVIRONMENTAL

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, allow a Release of any Contaminant in violation of any Environmental Law or that is reasonably likely to give rise to Environmental Liabilities and Costs; provided, however, that no Borrower shall be deemed in violation of this Section 8.19 if all Environmental Liabilities and Costs incurred or reasonably expected to be incurred by the Company and its Subsidiaries as the consequence of all such Releases shall not exceed $25,000,000 in the aggregate or otherwise have a Material Adverse Effect.

SECTION 8.20 DESIGNATED SENIOR DEBT

None of the Borrowers shall, nor shall they permit any of their respective Subsidiaries to, designate any other Indebtedness (other than the Obligations, Indebtedness under the Senior Unsecured Credit Agreement, the Senior Unsecured Exchange Securities or any Permitted Refinancing thereof that is not Subordinated Debt) of any Borrowers or any of its Subsidiaries as "Senior Indebtedness", "Senior Secured Financing" or "Designated Senior Indebtedness" (or any comparable term) under, and as defined in, any documentation with respect to Subordinated Debt of such Borrower or any of its Subsidiaries.

ARTICLE IX

EVENTS OF DEFAULT

SECTION 9.1 EVENTS OF DEFAULT

Each of the following events shall be an Event of Default:

(a) any Borrower shall fail to pay any principal of any Loan or any Reimbursement Obligation when the same becomes due and payable; or

(b) any Borrower shall fail to pay any interest on any Loan, any fee under any of the Loan Documents or any other Obligation (other than one referred to in clause (a) above) and such non-payment continues for a period of three Business Days after the due date therefor; or

(c) any representation or warranty made or deemed made by any Loan Party in any Loan Document or by any Loan Party (or any of its officers) in connection with any Loan Document shall prove to have been incorrect in any material respect when made or deemed made; or

(d) any Loan Party shall fail to perform or observe (i) any term, covenant or agreement contained in Article V (Financial Covenants), Section 6.1 (Financial Statements), Section 6.2 (Default Notices), Section 7.1 (Preservation of Corporate Existence, Etc.), Section 7.6

(Access), Section 7.9 (Application of Proceeds), Section 7.14 (Interest Rate Contracts), Section 7.15 (Post-Closing Covenants) or Article VIII (Negative Covenants) or (ii) any other term, covenant or agreement contained in this Agreement or in any other Loan Document if such failure under this clause (ii) shall remain unremedied for 30 days after the earlier of (A) the date on which a Responsible Officer of the Borrower becomes aware of such failure and (B) the date on which written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(e) (i) any Borrower or any of Subsidiary of such Borrower shall fail to make any payment on any Indebtedness of such Borrower or any such Subsidiary (other than the Obligations) or any Guaranty Obligation in respect of Indebtedness of any other Person, and, in each case, such failure relates to Indebtedness having a principal amount the Dollar Equivalent of which is $35,000,000 or more, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), (ii) any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness or (iii) any such Indebtedness shall become or be declared to be due and payable, or be required to be prepaid or repurchased (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(f) (i) any Borrower or any Subsidiary of such Borrower shall generally not pay its debts as such debts become due, shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors, (ii) any proceeding shall be instituted by or against any Borrower or any Subsidiary of such Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts, under any Requirement of Law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a custodian, receiver, trustee, administrator or other similar official for it or for any substantial part of its property; provided, however, that, in the case of any such proceedings instituted against any Borrower or any Subsidiary of such Borrower (but not instituted by or consented to by such Borrower or any Subsidiary of such Borrower) either such proceedings shall remain undismissed or unstayed for a period of 30 days or more or any action sought in such proceedings shall occur or (iii) any Borrower or any Subsidiary of such Borrower shall take any corporate action to authorize any action set forth in clauses (i) and (ii) above; or

(g) one or more judgments or orders (or other similar process) involving, in the case of money judgments, an aggregate amount whose Dollar Equivalent exceeds $25,000,000, to the extent not covered by insurance or supported by a letter of credit or appeal bonds posted in cash, shall be rendered against one or more of the Company and its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) (i) one or more events described in clauses (a) through (i) of the definition of "ERISA Event" shall occur and the Dollar Equivalent of the amount of all liabilities and deficiencies resulting therefrom, whether or not assessed, exceeds $25,000,000 in the aggregate or (ii) one or more events described in clause (j) of the definition of "ERISA Event" shall occur and the amount of all liabilities and deficiencies resulting therefrom, whether or not

assessed, together with all other ERISA Events, could reasonably be likely to have a Material Adverse Effect; or

(i) any provision of any Loan Document after delivery thereof shall for any reason fail or cease to be valid and binding on, or enforceable against, any Loan Party party thereto, or any Loan Party shall so state in writing; or

(j) any Collateral Document shall for any reason fail or cease to create a valid and enforceable Lien on any Collateral purported to be covered thereby or, except as permitted by the Loan Documents, such Lien shall fail or cease to be a perfected and first priority Lien, or any Loan Party shall so state in writing; or

(k) there shall occur any Change of Control; or

(l) any of the Obligations of the Loan Parties under the Loan Documents for any reason shall cease to be "Senior Indebtedness", "Senior Secured Financing" or "Designated Senior Indebtedness" (or any comparable term) under, and as defined in, any documentation with respect to subordinated Indebtedness of any Borrower or any of its Subsidiaries; or

(m) one or more of the Borrowers and their respective Subsidiaries shall have entered into one or more consent or settlement decrees or agreements or similar arrangements with a Governmental Authority or one or more judgments, orders, decrees or similar actions shall have been entered against one or more of the Borrowers and their respective Subsidiaries based on or arising from the violation of or pursuant to any Environmental Law, or the generation, storage, transportation, treatment, disposal or Release of any Contaminant and, in connection with all the foregoing, any Borrower or any Subsidiary of such Borrower is likely to incur Environmental Liabilities and Costs whose Dollar Equivalent exceeds $25,000,000 in the aggregate that were not reflected in the Projections or the Financial Statements delivered pursuant to Section 4.4 (Financial Statements) prior to the date hereof.

SECTION 9.2 REMEDIES

During the continuance of any Event of Default, the Administrative Agent (a) may, and, at the request of the Requisite Lenders, shall, by notice to the Borrowers declare that all or any portion of the Commitments be terminated, whereupon the obligation of each Lender to make any Loan and each Issuer to Issue any Letter of Credit shall immediately terminate and (b) may and, at the request of the Requisite Lenders, shall, by notice to the Borrowers, declare the Loans, all interest thereon and all other amounts and Obligations payable under this Agreement to be forthwith due and payable, whereupon the Loans, all such interest and all such amounts and Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers; provided, however, that upon the occurrence of the Events of Default specified in Section 9.1(f) (Events of Default) related to any Borrower or any Significant Subsidiary, (x) the Commitments of each Lender to make Loans and the commitments of each Lender and Issuer to Issue or participate in Letters of Credit shall each automatically be terminated and (y) the Loans, all such interest and all such amounts and Obligations shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrowers. In addition to the remedies set forth above, the Administrative Agent may exercise any remedies provided for by

the Collateral Documents in accordance with the terms thereof or any other remedies provided by applicable law.

SECTION 9.3 ACTIONS IN RESPECT OF LETTERS OF CREDIT

At any time (i) upon the Revolving Credit Termination Date, (ii) after the Revolving Credit Termination Date when the aggregate funds on deposit in Cash Collateral Accounts shall be less than 105% of the Letter of Credit Obligations, (iii) as may be required by Section 2.9(c) or (d) (Mandatory Prepayments), the Borrowers shall pay to the Administrative Agent in immediately available funds at the Administrative Agent's office referred to in Section 11.8 (Notices, Etc.), for deposit in a Cash Collateral Account, (x) in the case of clauses (i) and (ii) above, the amount required such that, after such payment, the aggregate funds on deposit in the Cash Collateral Accounts equals or exceeds 105% of the sum of all outstanding Letter of Credit Obligations and (y) in the case of clause (iii) above, the amount required by Section 2.9(c) or (d) (Mandatory Prepayments). The Administrative Agent may, from time to time after funds are deposited in any Cash Collateral Account, apply funds then held in such Cash Collateral Account to the payment of any amounts, in accordance with Section 2.9(c) or (d) (Mandatory Prepayments) and Section 2.13(g) (Payments and Computations), as shall have become or shall become due and payable by the Borrowers to the Issuers or Lenders in respect of the Letter of Credit Obligations. The Administrative Agent shall promptly give written notice of any such application; provided, however, that the failure to give such written notice shall not invalidate any such application.

SECTION 9.4 RESCISSION

If at any time after termination of the Commitments or acceleration of the maturity of the Loans, the Borrowers shall pay all arrears of interest and all payments on account of principal of the Loans and Reimbursement Obligations that shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by law, on overdue interest, at the rates specified herein) and all Events of Default and Defaults (other than non-payment of principal of and accrued interest on the Loans due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to Section 11.1 (Amendments, Waivers, Etc.), then upon the written consent of the Requisite Lenders and written notice to the Borrowers, the termination of the Commitments or the acceleration and their consequences may be rescinded and annulled; provided, however, that such action shall not affect any subsequent Event of Default or Default or impair any right or remedy consequent thereon. The provisions of the preceding sentence are intended merely to bind the Lenders and the Issuers to a decision that may be made at the election of the Requisite Lenders, and such provisions are not intended to benefit the Borrowers and do not give any Borrower the right to require the Lenders to rescind or annul any acceleration hereunder, even if the conditions set forth herein are met.

ARTICLE X

THE ADMINISTRATIVE AGENT; THE AGENTS

SECTION 10.1 AUTHORIZATION AND ACTION

(a) Each Lender and each Issuer hereby appoints Citicorp as the Administrative Agent hereunder and each Lender and each Issuer authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement

and the other Loan Documents as are delegated to the Administrative Agent under such agreements and to exercise such powers as are reasonably incidental thereto. Without limiting the foregoing, each Lender and each Issuer hereby authorizes the Administrative Agent to execute and deliver, and to perform its obligations under, each of the Loan Documents to which the Administrative Agent is a party, to exercise all rights, powers and remedies that the Administrative Agent may have under such Loan Documents and, in the case of the Collateral Documents, to act as agent for the Lenders, Issuers and the other Secured Parties under such Collateral Documents. Each Lender and each Issuer hereby appoints each of Morgan Stanley Senior Funding, Inc. and UBS Securities LLC as Syndication Agents, and hereby authorizes each of them to act in their respective capacity on behalf of such Lender and such Issuer in accordance with the terms of this Agreement and the other Loan Documents.

(b) As to any matters not expressly provided for by this Agreement and the other Loan Documents (including enforcement or collection), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Requisite Lenders, and such instructions shall be binding upon all Lenders and each Issuer; provided, however, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to personal liability unless the Administrative Agent receives an indemnification satisfactory to it from the Lenders and the Issuers with respect to such action or (ii) is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender and each Issuer prompt notice of each notice given to it by any Loan Party pursuant to the terms of this Agreement or the other Loan Documents.

(c) In performing its functions and duties hereunder and under the other Loan Documents, the Administrative Agent is acting solely on behalf of the Lenders and the Issuers except to the limited extent provided in Section 2.7(b) (Evidence of Debts), and its duties are entirely administrative in nature. The Administrative Agent does not assume and shall not be deemed to have assumed any obligation other than as expressly set forth herein and in the other Loan Documents or any other relationship as the agent, fiduciary or trustee of or for any Lender, Issuer or holder of any other Obligation. The Administrative Agent may perform any of its duties under any Loan Document by or through its agents or employees.

(d) Duties of Certain Agents. Notwithstanding anything to the contrary contained in this Agreement, each of the Syndication Agents is a Lender designated as "Syndication Agent" for title purposes only and in such capacity shall have no obligations or duties whatsoever under this Agreement or any other Loan Document to any Loan Party, any Lender or any Issuer and shall have no rights separate from its rights as a Lender except as expressly provided in this Agreement. Each Arranger shall have no obligations or duties whatsoever in such capacity under this Agreement or any other Loan Document and shall incur no liability hereunder or thereunder in such capacity.

SECTION 10.2 ADMINISTRATIVE AGENT'S RELIANCE, ETC.

None of the Administrative Agent, any of its Affiliates or any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it, him, her or them under or in connection with this Agreement or the other Loan Documents, except for its, his, her or their own gross negligence or willful misconduct. Without limiting the foregoing, the Administrative Agent (a) may treat the payee of any Note as its holder until such

Note has been assigned in accordance with Section 11.2(e) (Assignments and Participations), (b) may rely on the Register to the extent set forth in Section 2.7 (Evidence of Debt), (c) may consult with legal counsel (including counsel to the Borrowers or any other Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (d) makes no warranty or representation to any Lender or Issuer and shall not be responsible to any Lender or Issuer for any statements, warranties or representations made by or on behalf of any Borrower or any of its Subsidiaries in or in connection with this Agreement or any other Loan Document, (e) shall not have any duty to ascertain or to inquire either as to the performance or observance of any term, covenant or condition of this Agreement or any other Loan Document, as to the financial condition of any Loan Party or as to the existence or possible existence of any Default or Event of Default, (f) shall not be responsible to any Lender or Issuer for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the attachment, perfection or priority of any Lien created or purported to be created under or in connection with, this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto or thereto and (g) shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which writing may be a telecopy or electronic mail) or any telephone message believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 10.3 POSTING OF APPROVED ELECTRONIC COMMUNICATIONS

(a) Each of the Lenders, the Issuers and the Borrowers agree, and the Borrowers shall cause each Subsidiary Guarantor to agree, that the Administrative Agent may, but shall not be obligated to, make the Approved Electronic Communications available to the Lenders and Issuers by posting such Approved Electronic Communications on IntraLinks(TM) or a substantially similar electronic platform chosen by the Administrative Agent to be its electronic transmission system (the "Approved Electronic Platform").

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Closing Date, a dual firewall and a User ID/Password Authorization System) and the Approved Electronic Platform is secured through a single-user-per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, the Issuers and the Borrowers acknowledges and agrees, and the Borrowers shall cause each Subsidiary Guarantor to acknowledge and agree, that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution. In consideration for the convenience and other benefits afforded by such distribution and for the other consideration provided hereunder, the receipt and sufficiency of which is hereby acknowledged, each of the Lenders, the Issuers and the Borrowers hereby approves, and the Borrowers shall cause each Subsidiary Guarantor to approve, distribution of the Approved Electronic Communications through the Approved Electronic Platform and understands and assumes, and the Borrowers shall cause each Subsidiary Guarantor to understand and assume, the risks of such distribution.

(c) The Approved Electronic Communications and the Approved Electronic Platform are provided "as is" and "as available". None of the Administrative Agent or any of its Affiliates or any of their respective officers, directors, employees, agents, advisors or

representatives (the "Agent Affiliates") warrant the accuracy, adequacy or completeness of the Approved Electronic Communications and the Approved Electronic Platform and each expressly disclaims liability for errors or omissions in the Approved Electronic Communications and the Approved Electronic Platform. No warranty of any kind, express, implied or statutory (including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects) is made by the Agent Affiliates in connection with the approved electronic communications or the approved electronic platform.

(d) Each of the Lenders, the Issuers, and the Borrowers agrees, and the Borrowers shall cause each Subsidiary Guarantor to agree, that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Approved Electronic Communications on the Approved Electronic Platform in accordance with the Administrative Agent's generally-applicable document retention procedures and policies.

SECTION 10.4 THE AGENT AS LENDERS

With respect to its Ratable Portion, each Agent that is a Lender shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender. The terms "Lenders", "Revolving Credit Lenders", "Term Loan Lenders", "Requisite Lenders" and any similar terms shall, unless the context clearly otherwise indicates, include, without limitation, each Agent in its individual capacity as a Lender, a Revolving Credit Lender, Term Loan Lender or as one of the Requisite Lenders. Each Agent and each of its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with, any Loan Party as if such Agent were not acting as Agent.

SECTION 10.5 LENDER CREDIT DECISION

Each Lender and each Issuer acknowledges that it shall, independently and without reliance upon any Agent or any other Lender conduct its own independent investigation of the financial condition and affairs of the Borrowers and each other Loan Party in connection with the making and continuance of the Loans and with the issuance of the Letters of Credit. Each Lender and each Issuer also acknowledges that it shall, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and other Loan Documents.

SECTION 10.6 INDEMNIFICATION

Each Lender agrees to indemnify each Agent and each of its Affiliates, and each of their respective directors, officers, employees, agents and advisors (to the extent not reimbursed by the Borrowers), from and against such Lender's aggregate Ratable Portion of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements (including fees, expenses and disbursements of financial and legal advisors) of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against, such Agent or any of its Affiliates, directors, officers, employees, agents and advisors in any way relating to or arising out of this Agreement or the other Loan Documents or any action taken or omitted by such Agent under this Agreement or the other Loan Documents; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses,

damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's or such Affiliate's gross negligence or willful misconduct. Without limiting the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including fees, expenses and disbursements of financial and legal advisors) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of its rights or responsibilities under, this Agreement or the other Loan Documents, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrowers or another Loan Party.

SECTION 10.7 SUCCESSOR ADMINISTRATIVE AGENT

The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrowers. Upon any such resignation, the Requisite Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Requisite Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, selected from among the Lenders. In either case, such appointment shall be subject to the prior written approval of the Borrowers (which approval may not be unreasonably withheld and shall not be required upon the occurrence and during the continuance of an Event of Default). Upon the acceptance of any appointment as Administrative Agent by a successor Administrative Agent, such successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. Prior to any retiring Administrative Agent's resignation hereunder as Administrative Agent, the retiring Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents. After such resignation, the retiring Administrative Agent shall continue to have the benefit of this Article X as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents. Either Syndication Agent may resign at any time by giving written notice thereof to the Lenders and the Borrowers. Upon any such resignation no additional Syndication Agent shall be appointed.

SECTION 10.8 CONCERNING THE COLLATERAL AND THE COLLATERAL DOCUMENTS

(a) Each Lender and each Issuer agrees that any action taken by the Administrative Agent or the Requisite Lenders (or, where required by the express terms of this Agreement, a greater proportion of the Lenders) in accordance with the provisions of this Agreement or of the other Loan Documents, and the exercise by the Administrative Agent or the Requisite Lenders (or, where so required, such greater proportion) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders, Issuers and other Secured Parties. Without limiting the generality of the foregoing, the Administrative Agent shall have the sole and exclusive right and authority to (i) act as the disbursing and collecting agent for the Lenders and the Issuers with respect to all payments and collections arising in connection herewith and with the Collateral Documents, (ii) execute and deliver each Collateral Document and accept delivery of each such agreement delivered by the Company or any of its Subsidiaries, (iii) act as collateral

agent for the Lenders, the Issuers and the other Secured Parties for purposes of the perfection of all security interests and Liens created by such agreements and all other purposes stated therein, provided, however, that the Administrative Agent hereby appoints, authorizes and directs each Lender and Issuer to act as collateral sub-agent for the Administrative Agent, the Lenders and the Issuers for purposes of the perfection of all security interests and Liens with respect to the Collateral, including any Deposit Accounts maintained by a Loan Party with, and cash and Cash Equivalents held by, such Lender or such Issuer, (iv) manage, supervise and otherwise deal with the Collateral, (v) take such action as is necessary or desirable to maintain the perfection and priority of the security interests and Liens created or purported to be created by the Collateral Documents and (vi) except as may be otherwise specifically restricted by the terms hereof or of any other Loan Document, exercise all remedies given to the Administrative Agent, the Lenders, the Issuers and the other Secured Parties with respect to the Collateral under the Loan Documents relating thereto, applicable law or otherwise.

(b) Each of the Lenders and the Issuers hereby consents to the release and hereby directs, in accordance with the terms hereof, the Administrative Agent to release (or, in the case of clause (ii) below, release or subordinate) any Lien held by the Administrative Agent for the benefit of the Lenders and the issuers against any of the following:

(i) all of the Collateral and all Loan Parties, upon termination of the Commitments and payment and satisfaction in full of all Loans, all Reimbursement Obligations and all other Obligations that the Administrative Agent has been notified in writing are then due and payable (and, in respect of contingent Letter of Credit Obligations, with respect to which cash collateral has been deposited or a back-up letter of credit has been issued, in either case in the appropriate currency, on terms and in an amount satisfactory to the Administrative Agent and the applicable Issuers);

(ii) any assets that are subject to a Lien permitted by Section 8.2(d) or (e) (Liens, Etc.); and

(iii) any part of the Collateral sold or disposed of by a Loan Party if such sale or disposition is permitted by this Agreement (or permitted pursuant to a waiver of or consent to a transaction otherwise prohibited by this Agreement).

Each of the Lenders and the Issuers hereby directs the Administrative Agent to execute and deliver or file such termination and partial release statements and do such other things as are necessary to release Liens to be released pursuant to this Section 10.8 promptly upon the effectiveness of any such release.

SECTION 10.9 RELEASE

Each Lender and each Issuer hereby releases the Administrative 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 (Burgerliches Gesetzbuch) (restriction on self-dealing).

SECTION 10.10 DECLARATION OF TRUST (TREUHAND) AND APPOINTMENT AS ADMINISTRATOR

(a) The Administrative Agent shall: (i) hold any Lien or security interest which is governed by German law and is assigned (Sicherungseigentum/Sicherungsabtretung) or otherwise transferred to it under a non-accessory security right (nicht akzessorische Sicherheit) pursuant to any of the Collateral Documents or otherwise for the purpose of securing any of the Obligations secured thereunder as trustee (Treuhander) for the benefit of the Lenders and Issuers; and (ii) administer any Lien or security interest (if any) which is pledged (Verpfandung) or otherwise transferred under an accessory security right (akzessorische Sicherheit) to it and/or the Lenders and Issuers pursuant to any of the Collateral Documents or otherwise for the purpose of securing any of the Obligations secured thereunder and each Lender and Issuer authorizes the Administrative Agent to accept as its representative (Stellvertreter) any pledge or other creation of any other accessory right made to such Lender, and shall act in relation to the Lien and security interests in accordance with the terms and subject to the conditions of this Agreement and the other Loan Documents. Each Lender hereby ratifies and approves all acts done by the Collateral Agent on such Lender Party's behalf.

(b) It is hereby agreed that, in relation to any jurisdiction the courts of which would not recognize or give effect to the trust (Treuhand) expressed to be created by this Section 10.10, the relationship of the Lender to the Administrative Agent in relation to any Lien or security interest governed by German law shall be construed as one of principal and agent but, to the extent permissible under the laws of such jurisdiction, all the other provisions of this Section 10.10 shall have full force and effect between the parties hereto.

SECTION 10.11 DESIGNATION OF ADMINISTRATIVE AGENT UNDER CIVIL CODE OF QUEBEC

Each of the parties hereto (including each Lender, acting for itself and on behalf of each of its Affiliates which are or become Secured Parties from time to time) confirms the appointment and designation of the Administrative Agent (or any successor thereto) as the person holding the power of attorney ("fonde de pouvoir") within the meaning of Article 2692 of the Civil Code of Quebec for the purposes of the hypothecary security to be granted by the Loan Parties or any one of them under the laws of the Province of Quebec and, in such capacity, the Administrative Agent shall hold the hypothecs granted under the laws of the Province of Quebec as such fonde de pouvoir in the exercise of the rights conferred thereunder. The execution by the Administrative Agent prior to the date hereof of any document creating or evidencing any such hypothec for the benefit of any of the Secured Parties is hereby ratified and confirmed. Notwithstanding the provisions of Section 32 of the Act respecting the special powers of legal persons (Quebec), the Administrative Agent may acquire and be the holder of any of the bonds secured by any such hypothec. Each future Secured Party, whether a Lender, an Issuer or a holder of any Secured Obligation, shall be deemed to have ratified and confirmed (for itself and on behalf of each of its Affiliates that are or become Secured Parties from time to time) the appointment of the Administrative Agent as fonde de pouvoir.

SECTION 10.12 COLLATERAL MATTERS RELATING TO RELATED OBLIGATIONS

The benefit of the Loan Documents and of the provisions of this Agreement relating to the Collateral shall extend to and be available in respect of any Secured Obligation arising under any Hedging Contract or Cash Management Obligation or that is otherwise owed to

Persons other than the Administrative Agent, the Lenders and the Issuers (collectively, "Related Obligations") solely on the condition and understanding, as among the Administrative Agent and all Secured Parties, that (a) the Related Obligations shall be entitled to the benefit of the Loan Documents and the Collateral to the extent expressly set forth in this Agreement and the other Loan Documents and to such extent the Administrative Agent shall hold, and have the right and power to act with respect to, each Guaranty and the Collateral on behalf of and as agent for the holders of the Related Obligations, but the Administrative Agent is otherwise acting solely as agent for the Lenders and the Issuers and shall have no fiduciary duty, duty of loyalty, duty of care, duty of disclosure or other obligation whatsoever to any holder of Related Obligations, (b) all matters, acts and omissions relating in any manner to each Guaranty, the Collateral, or the omission, creation, perfection, priority, abandonment or release of any Lien, shall be governed solely by the provisions of this Agreement and the other Loan Documents and no separate Lien, right, power or remedy shall arise or exist in favor of any Secured Party under any separate instrument or agreement or in respect of any Related Obligation, (c) each Secured Party shall be bound by all actions taken or omitted, in accordance with the provisions of this Agreement and the other Loan Documents, by the Administrative Agent and the Requisite Lenders, each of whom shall be entitled to act at its sole discretion and exclusively in its own interest given its own Commitments and its own interest in the Loans, Letter of Credit Obligations and other Obligations to it arising under this Agreement or the other Loan Documents, without any duty or liability to any other Secured Party or as to any Related Obligation and without regard to whether any Related Obligation remains outstanding or is deprived of the benefit of the Collateral or becomes unsecured or is otherwise affected or put in jeopardy thereby, (d) no holder of Related Obligations and no other Secured Party (except the Agents, the Lenders and the Issuers, to the extent set forth in this Agreement) shall have any right to be notified of, or to direct, require or be heard with respect to, any action taken or omitted in respect of the Collateral or under this Agreement or the Loan Documents and (e) no holder of any Related Obligation shall exercise any right of setoff, banker's lien or similar right except to the extent provided in Section 11.6 (Right of Set-off) and then only to the extent such right is exercised in compliance with Section 11.7 (Sharing of Payments, Etc.).

ARTICLE XI

MISCELLANEOUS

SECTION 11.1 AMENDMENTS, WAIVERS, ETC.

(a) No amendment or waiver of any provision of this Agreement or any other Loan Document nor consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be in writing and (x) in the case of any such waiver or consent, signed by the Requisite Lenders (or by the Administrative Agent with the consent of the Requisite Lenders) and, in the case of the Administrative Agent's or any Lender's obligations to the Borrowers, signed by the Borrowers and (y) in the case of any other amendment, by the Requisite Lenders (or by the Administrative Agent with the consent of the Requisite Lenders) and the Borrowers, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by each Lender directly affected thereby, in addition to the Requisite Lenders (or the Administrative Agent with the consent thereof) and, if applicable, the Borrowers, do any of the following:

(i) waive any condition specified in Section 3.1 (Conditions Precedent to Initial Loans and Letters of Credit), except with respect to a condition based upon another provision hereof, the waiver of which requires only the concurrence of the Requisite Lenders and subject to the provisions of Section 3.3 (Determinations of Initial Borrowing Conditions);

(ii) increase any Commitment of such Lender or subject such Lender to any additional obligation;

(iii) extend the scheduled final maturity of any Loan or Reimbursement Obligation owing to such Lender, or waive, reduce or postpone any scheduled date fixed for the payment or reduction of principal of any such Loan or Reimbursement Obligation (it being understood that Section 2.9 (Mandatory Prepayments) does not provide for scheduled dates fixed for payment) or for the reduction of such Lender's Commitment;

(iv) reduce, or release any Borrower from its obligations to repay, the principal amount of any Loan or Reimbursement Obligation owing to such Lender (other than by the payment or prepayment thereof);

(v) reduce the rate of interest (other than any additional Applicable Margin required under Section 7.15 (Post-Closing Covenants)) on any Loan or Reimbursement Obligation outstanding and owing to such Lender or any fee payable hereunder to such Lender or postpone any scheduled date fixed for payment of such interest or fees or waive any such payment;

(vi) change the aggregate Ratable Portions of Lenders required for any or all Lenders to take any action hereunder;

(vii) release all or substantially all of the Collateral except as provided in Section 10.8(b) (Concerning the Collateral and the Collateral Documents) or release any Borrower from its payment obligation to such Lender under this Agreement or the Notes owing to such Lender (if any) or release any Guarantor from its obligations under any Guaranty except in connection with the sale or other disposition of a Subsidiary Guarantor (or all or substantially all of the assets thereof) permitted by this Agreement (or permitted pursuant to a waiver or consent of a transaction otherwise prohibited by this Agreement); or

(viii) amend Section 10.8(b) (Concerning the Collateral and the Collateral Documents), Section 11.7 (Sharing of Payments, Etc.), this Section 11.1 or either definition of the terms "Requisite Lenders" or "Ratable Portion";

and provided, further, that (A) any modification of the application of payments to the Term Loans pursuant to Section 2.9 (Mandatory Prepayments) shall require the consent of the Requisite Term Loan Lenders and any such modification of the application of payments to the Revolving Loans pursuant to Section 2.9 (Mandatory Prepayments) or the reduction of the Revolving Credit Commitments pursuant to Section 2.5(b) (Reduction and Termination of the Commitments) shall require the consent of the Requisite Revolving Credit Lenders, (B) any modification of provisions requiring payments to be applied on a pro rata basis to the U.S. Term Loans and the Canadian Term Loans shall require the consent of the Requisite U.S. Term Lenders and the Requisite

Canadian Term Lenders, (C) no amendment, waiver or consent shall, unless in writing and signed by any Special Purpose Vehicle that has been granted an option pursuant to Section 11.2(e) (Assignments and Participations), affect the grant or nature of such option or the right or duties of such Special Purpose Vehicle hereunder, (D) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement or the other Loan Documents and (E) no amendment, waiver or consent shall, unless in writing and signed by each Swing Loan Lender in addition to the Lenders required above to take such action, affect the rights or duties of the Swing Loan Lenders under this Agreement or the other Loan Documents; and provided, further, that notwithstanding anything herein to the contrary, the Administrative Agent may, with the consent of the Company, amend, modify or supplement this Agreement to cure any typographical error, defect or inconsistency, so long as such amendment, modification or supplement does not adversely affect the rights of any Lender or any Issuer.

(b) The Administrative Agent may, but shall have no obligation to, with the written concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of such Lender. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on any Borrower in any case shall entitle such Borrower to any other or further notice or demand in similar or other circumstances.

(c) If, in connection with any proposed amendment, modification, waiver or termination requiring the consent of any Revolving Credit Lenders or Term Loan Lenders, the consent of Requisite Lenders is obtained but the consent of any Revolving Credit Lender or Term Loan Lender whose consent is required is not obtained (any such Lender whose consent is not obtained as described in this Section 11.1 being referred to as a "Non-Consenting Lender"), then, as long as the Lender acting as the Administrative Agent is not a Non-Consenting Lender, at the Company's request, an Eligible Assignee acceptable to the Administrative Agent shall have the right with the Administrative Agent's consent and in the Administrative Agent's sole discretion (but shall have no obligation) to purchase from such Non-Consenting Lender, and such Non-Consenting Lender agrees that it shall, upon the Administrative Agent's request, sell and assign to the Lender acting as the Administrative Agent or such Eligible Assignee, all of the Revolving Credit Commitments and Revolving Credit Outstandings of such Non-Consenting Lender if such Non-Consenting Lender is a Non-Consenting Lender in its capacity as a Revolving Credit Lender and all of the Term Loans of such Non-Consenting Lender if such Non-Consenting Lender is a Non-Consenting Lender in its capacity as a Term Loan Lender, in each case for an amount equal to the principal balance of all such Revolving Loans or Term Loans, as applicable, held by the Non-Consenting Lender and all accrued and unpaid interest and fees with respect thereto through the date of sale; provided, however, that such purchase and sale shall be recorded in the Register maintained by the Administrative Agent and not be effective until (x) the Administrative Agent shall have received from such Eligible Assignee an agreement in form and substance satisfactory to the Administrative Agent and the Company whereby such Eligible Assignee shall agree to be bound by the terms hereof and (y) such Non-Consenting Lender shall have received payments of all Revolving Loans or Term Loans, as applicable, held by it and all accrued and unpaid interest and fees with respect thereto through the date of the sale. Each Lender agrees that, if it becomes a Non-Consenting Lender, it shall execute and deliver to the Administrative Agent an Assignment an Acceptance to evidence such sale and purchase and shall deliver to the Administrative Agent any Note (if the assigning Lender's Loans are evidenced by Notes) subject to such Assignment and Acceptance; provided, however, that the failure of any Non-Consenting Lender to execute an

Assignment and Acceptance shall not render such sale and purchase (and the corresponding assignment) invalid and such assignment shall be recorded in the Register.

SECTION 11.2 ASSIGNMENTS AND PARTICIPATIONS

(a) Each Lender may sell, transfer, negotiate or assign to one or more Eligible Assignees all or a portion of its rights and obligations hereunder (including all of its rights and obligations with respect to the Term Loans, the Revolving Loans, the Swing Loans and the Letters of Credit); provided, however, that (i) if any such assignment shall be of the assigning Lender's Revolving Credit Outstandings and Revolving Credit Commitments under any Revolving Credit Facility, such assignment shall cover the same percentage of such Lender's Revolving Credit Outstandings and Revolving Credit Commitment under such Revolving Credit Facility, (ii) the aggregate amount being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event (if less than the Assignor's entire interest) be, (x) in the case of any Revolving Credit Facility, less than $2,000,000 or an integral multiple of $1,000,000 in excess thereof and (y) in the case of the Term Facility, less than $1,000,000 or an integral multiple of $1,000,000 in excess thereof, except, in either case, (A) with the consent of the Company and the Administrative Agent or (B) if such assignment is being made to a Lender or an Affiliate or Approved Fund of such Lender, (iii) (A) if such Eligible Assignee is not, prior to the date of such assignment, a Lender or an Affiliate or Approved Fund of a Lender or (B) in the case of any Canadian Dollar Loan, if the Canadian Lending Office of such Eligible Assignee is not located in Canada, such assignment shall be subject to the prior consent of the Administrative Agent and the Company (which consents shall not be unreasonably withheld or delayed) and (iv) in the case of any Multi-Currency Commitment, if such Eligible Assignee is not, prior to the date of such assignment, a Lender or an Affiliate or Approved Fund of a Lender, such assignment shall be subject to the prior consent of UBS (which consents shall not be unreasonably withheld or delayed); and provided, further, that, notwithstanding any other provision of this Section 11.2, the consent of the Company shall not be required (x) for any assignment occurring when any Default or Event of Default shall have occurred and be continuing and (y) for any assignment by any Agent or any Affiliate of such Agent (in its capacity as a Lender) made within 30 Business Days after the Closing Date of its Commitments held on the Closing Date. Any such assignment need not be ratable as among any of the Facilities.

(b) The parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note (if the assigning Lender's Loans are evidenced by a Note) subject to such assignment. Upon the execution, delivery, acceptance and recording in the Register of any Assignment and Acceptance and, except for any primary assignment by any Agent or any Affiliate of such Agent (in its capacity as a Lender), the receipt by the Administrative Agent from the assignee of an assignment fee in the amount of $3,500 from and after the effective date specified in such Assignment and Acceptance, (i) the assignee thereunder shall become a party hereto and, to the extent that rights and obligations under the Loan Documents have been assigned to such assignee pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender, and if such Lender were an Issuer, of such Issuer hereunder and thereunder, and (ii) the Notes (if any) corresponding to the Loans assigned thereby shall be transferred to such assignee by notation in the Register and (iii) the assignor thereunder shall, to the extent that rights and obligations under this Agreement have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (except for those surviving the

payment in full of the Obligations) and be released from its obligations under the Loan Documents, other than those relating to events or circumstances occurring prior to such assignment (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under the Loan Documents, such Lender shall cease to be a party hereto).

(c) The Administrative Agent shall maintain at its address referred to in Section 11.8 (Notices, Etc.) a copy of each Assignment and Acceptance delivered to and accepted by it and shall record in the Register the names and addresses of the Lenders and Issuers and the principal amount of the Loans and Reimbursement Obligations owing to each Lender from time to time and the Commitments of each Lender. Any assignment pursuant to this Section 11.2 shall not be effective until such assignment is recorded in the Register.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, the Administrative Agent shall, if such Assignment and Acceptance has been completed, (i) accept such Assignment and Acceptance, (ii) record or cause to be recorded the information contained therein in the Register and (iii) give prompt notice thereof to the Borrowers. Within five Business Days after its receipt of such notice, the Borrowers, at their own expense, shall, if requested by such assignee, execute and deliver to the Administrative Agent new Notes to the order of such assignee in an amount equal to the Commitments and Loans assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has surrendered any Note for exchange in connection with the assignment and has retained Commitments or Loans hereunder, new Notes to the order of the assigning Lender in an amount equal to the Commitments and Loans retained by it hereunder. Such new Notes shall be dated the same date as the surrendered Notes and be in substantially the form of Exhibit B-1 (Form of Revolving Credit Note) or Exhibit B-2 (Form of Term Note), as applicable.

(e) In addition to the other assignment rights provided in this Section 11.2, each Lender may do each of the following:

(i) grant to a Special Purpose Vehicle the option to make all or any part of any Loan that such Lender would otherwise be required to make hereunder and the exercise of such option by any such Special Purpose Vehicle and the making of Loans pursuant thereto shall satisfy (once and to the extent that such Loans are made) the obligation of such Lender to make such Loans thereunder; provided, however, that (x) nothing herein shall constitute a commitment or an offer to commit by such a Special Purpose Vehicle to make Loans hereunder and no such Special Purpose Vehicle shall be liable for any indemnity or other Obligation (other than the making of Loans for which such Special Purpose Vehicle shall have exercised an option, and then only in accordance with the relevant option agreement) and (y) such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain responsible to the other parties for the performance of its obligations under the terms of this Agreement and shall remain the holder of the Obligations for all purposes hereunder; and

(ii) assign, as collateral or otherwise, any of its rights under this Agreement, whether now owned or hereafter acquired (including rights to payments of principal or interest on the Loans), to (A) without notice to or consent of the Administrative Agent or the Borrowers, any Federal Reserve Bank (pursuant to Regulation A of the Federal Reserve Board) and (B) without consent of the Administrative Agent or the Borrowers, (1) any holder of, or trustee for the benefit of, the

holders of such Lender's Securities and (2) any Special Purpose Vehicle to which such Lender has granted an option pursuant to clause (i) above;

provided, however, that no such assignment or grant shall release such Lender from any of its obligations hereunder except as expressly provided in clause (i) above and except, in the case of a subsequent foreclosure pursuant to an assignment as collateral, if such foreclosure is made in compliance with the other provisions of this Section 11.2 other than this clause (e) or clause (f) below. Each party hereto acknowledges and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior debt of any such Special Purpose Vehicle, such party shall not institute against, or join any other Person in instituting against, any Special Purpose Vehicle that has been granted an option pursuant to this clause (e) any bankruptcy, reorganization, insolvency or liquidation proceeding (such agreement shall survive the payment in full of the Obligations). The terms of the designation of, or assignment to, such Special Purpose Vehicle shall not restrict such Lender's ability to, or grant such Special Purpose Vehicle the right to, consent to any amendment or waiver to this Agreement or any other Loan Document or to the departure by any Borrower from any provision of this Agreement or any other Loan Document without the consent of such Special Purpose Vehicle except, as long as the Administrative Agent and the Lenders, Issuers and other Secured Parties shall continue to, and shall be entitled to continue to, deal solely and directly with such Lender in connection with such Lender's obligations under this Agreement, to the extent any such consent would reduce the principal amount of, or the rate of interest on, any Obligations, amend this clause (e) or postpone any scheduled date of payment of such principal or interest. Each Special Purpose Vehicle shall be entitled to the benefits of Sections 2.15 (Capital Adequacy) and 2.16 (Taxes) and of 2.14(d) (Illegality) as if it were such Lender; provided, however, that anything herein to the contrary notwithstanding, no Borrower shall, at any time, be obligated to make under Section 2.15 (Capital Adequacy), 2.16 (Taxes) or 2.14(d) (Illegality) to any such Special Purpose Vehicle and any such Lender any payment in excess of the amount such Borrower would have been obligated to pay to such Lender in respect of such interest if such Special Purpose Vehicle had not been assigned the rights of such Lender hereunder; and provided, further, that such Special Purpose Vehicle shall have no direct right to enforce any of the terms of this Agreement against the Borrowers, the Administrative Agent or the other Lenders.

(f) Each Lender may sell participations to one or more Persons in or to all or a portion of its rights and obligations under the Loan Documents (including all its rights and obligations with respect to the Term Loans, Revolving Loans and Letters of Credit). The terms of such participation shall not, in any event, require the participant's consent to any amendments, waivers or other modifications of any provision of any Loan Documents, the consent to any departure by any Loan Party therefrom, or to the exercising or refraining from exercising any powers or rights such Lender may have under or in respect of the Loan Documents (including the right to enforce the obligations of the Loan Parties), except if any such amendment, waiver or other modification or consent would (i) reduce the amount, or postpone any date fixed for, any amount (whether of principal, interest or fees) payable to such participant under the Loan Documents, to which such participant would otherwise be entitled under such participation or (ii) result in the release of all or substantially all of the Collateral other than in accordance with Section 10.8(b) (Concerning the Collateral and the Collateral Documents). In the event of the sale of any participation by any Lender, (w) such Lender's obligations under the Loan Documents shall remain unchanged, (x) such Lender shall remain solely responsible to the other parties for the performance of such obligations, (y) such Lender shall remain the holder of such Obligations for all purposes of this Agreement and (z) the Borrowers, the Administrative Agent and the other

Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Each participant shall be entitled to the benefits of Sections 2.15 (Capital Adequacy) and 2.16 (Taxes) and of 2.14(d) (Illegality) as if it were a Lender; provided, however, that anything herein to the contrary notwithstanding, the Borrowers shall not, at any time, be obligated to make under Section 2.15 (Capital Adequacy), 2.16 (Taxes) or 2.14(d) (Illegality) to the participants in the rights and obligations of any Lender (together with such Lender) any payment in excess of the amount the Borrowers would have been obligated to pay to such Lender in respect of such interest had such participation not been sold and provided, further, that such participant in the rights and obligations of such Lender shall have no direct right to enforce any of the terms of this Agreement against the Borrowers, the Administrative Agent or the other Lenders.

(g) Any Issuer may at any time assign its rights and obligations hereunder to any other Lender by an instrument in form and substance satisfactory to the Borrowers, the Administrative Agent, such Issuer and such Lender, subject to the provisions of Section 2.7(b) (Evidence of Debt) relating to notations of transfer in the Register. If any Issuer ceases to be a Lender hereunder by virtue of any assignment made pursuant to this Section 11.2, then, as of the effective date of such cessation, such Issuer's obligations to Issue Letters of Credit pursuant to Section 2.4 (Letters of Credit) shall terminate and such Issuer shall be an Issuer hereunder only with respect to outstanding Letters of Credit issued prior to such date.

(h) Notwithstanding anything to the contrary contained in this Agreement, in the case of each Swiss Swing Loan, each Swing Lender and each Borrower hereby agrees that, unless an Event of Default shall have occurred and is continuing, no more than ten lenders, whether by assignment, participation or otherwise, shall exist for such Swing Loan.

SECTION 11.3 COSTS AND EXPENSES

(a) The Borrowers agree upon demand to pay, or reimburse each Agent for, all of the Administrative Agent's reasonable internal and external audit, legal, appraisal, valuation, filing, document duplication and reproduction and investigation expenses and for all other reasonable out-of-pocket costs and expenses of every type and nature (including the reasonable fees, expenses and disbursements of the Agents' counsel, Weil, Gotshal & Manges LLP, local legal counsel, auditors, accountants, appraisers, printers, insurance and environmental advisors, and other consultants and agents; provided that each Agent shall consult with the Company prior to engaging any such consultant, appraiser or auditor and; provided further that, absent extraordinary circumstances, no more than one primary outside counsel, one local counsel for each relevant jurisdiction in the reasonable discretion of the Agents and one consultant, appraiser or auditor shall be appointed to advise the Agents jointly) incurred by such Agent in connection with any of the following: (i) such Agents' audit and investigation of the Company and its Subsidiaries in connection with the preparation, negotiation or execution of any Loan Document or such Agent's periodic audits of the Company or any of its Subsidiaries, as the case may be, (ii) the preparation, negotiation, execution or interpretation of this Agreement (including, without limitation, the satisfaction or attempted satisfaction of any condition set forth in Article III (Conditions To Loans And Letters Of Credit)), any Loan Document or any proposal letter or commitment letter issued in connection therewith, or the making of the Loans hereunder, (iii) the creation, perfection or protection of the Liens under any Loan Document (including any reasonable fees, disbursements and expenses for local counsel in various jurisdictions), (iv) the ongoing administration of this Agreement and the Loans, including consultation with attorneys in connection therewith and with respect to such Agent's rights and responsibilities hereunder and

under the other Loan Documents, (v) the protection, collection or enforcement of any Obligation or the enforcement of any Loan Document, (vi) the commencement, defense or intervention in any court proceeding relating in any way to the Obligations, any Loan Party, any of the Borrower's Subsidiaries, the Transactions, the Related Documents, this Agreement or any other Loan Document, (vii) the response to, and preparation for, any subpoena or request for document production with which the Administrative Agent is served or deposition or other proceeding in which the Administrative Agent is called to testify, in each case, relating in any way to the Obligations, any Loan Party, any of the Borrower's Subsidiaries, the Transactions, the Related Documents, this Agreement or any other Loan Document or (viii) any amendment, consent, waiver, assignment, restatement, or supplement to any Loan Document or the preparation, negotiation and execution of the same.

(b) The Borrowers further agrees to pay or reimburse the Administrative Agent and each of the Lenders and Issuers upon demand for all out-of-pocket costs and expenses, including reasonable attorneys' fees (including allocated costs of internal counsel and costs of settlement), incurred by the Administrative Agent, such Lenders or such Issuers in connection with any of the following: (i) in enforcing any Loan Document or Obligation or any security therefor or exercising or enforcing any other right or remedy available by reason of an Event of Default, (ii) in connection with any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work-out" or in any insolvency or bankruptcy proceeding, (iii) in commencing, defending or intervening in any litigation or in filing a petition, complaint, answer, motion or other pleadings in any legal proceeding relating to the Obligations, any Loan Party, any of the Borrower's Subsidiaries and related to or arising out of the transactions contemplated hereby or by any other Loan Document or Related Document or (iv) in taking any other action in or with respect to any suit or proceeding (bankruptcy or otherwise) described in clause (i), (ii) or (iii) above.

SECTION 11.4 INDEMNITIES

(a) The Borrowers agree to indemnify and hold harmless each Agent, Arranger, Lender and Issuer (including each Person obligated on a Hedging Contract that is a Loan Document if such Person was a Lender or Issuer at the time of it entered into such Hedging Contract) and each of their respective Affiliates, and each of the directors, officers, employees, agents, trustees, representatives, attorneys, consultants and advisors of or to any of the foregoing (including those retained in connection with the satisfaction or attempted satisfaction of any condition set forth in Article III (Conditions To Loans And Letters Of Credit) (each such Person being an "Indemnitee")) from and against any and all claims, damages, liabilities, obligations, losses, penalties, actions, judgments, suits, costs, disbursements and expenses, joint or several, of any kind or nature (including reasonable fees, disbursements and expenses of financial and legal advisors to any such Indemnitee) that may be imposed on, incurred by or asserted against any such Indemnitee in connection with or arising out of any investigation, litigation or proceeding, whether or not such investigation, litigation or proceeding is brought by any such indemnitee or any of its directors, security holders or creditors or any such Indemnitee, director, security holder or creditor is a party thereto, whether direct, indirect, or consequential and whether based on any federal, state, provincial, local or other statutory regulation, securities or commercial law or regulation, or under common law or in equity, or on contract, tort or otherwise, in any manner relating to or arising out of this Agreement, any other Loan Document, any Obligation, any Letter of Credit, any Disclosure Document, any Related Document, or any act, event or transaction related or attendant to any thereof, or the use or intended use of the proceeds of the Loans or

Letters of Credit or in connection with any investigation of any potential matter covered hereby (collectively, the "Indemnified Matters"); provided, however, that the Borrowers shall not have any liability under this Section 11.4 to an Indemnitee with respect to any Indemnified Matter to the extent that such liability has resulted primarily from the gross negligence or willful misconduct of that Indemnitee or from any material breach of any of such Indemnitee's obligations under the Loan Documents to which it is a party, as determined by a court of competent jurisdiction in a final non-appealable judgment or order. Without limiting the foregoing, "Indemnified Matters" include (i) all Environmental Liabilities and Costs arising from or connected with the past, present or future operations of the Company or any of its Subsidiaries involving any property subject to a Collateral Document, or damage to real or personal property or natural resources or harm or injury alleged to have resulted from any Release of Contaminants on, upon or into such property or any contiguous real estate, (ii) any costs or liabilities incurred in connection with any Remedial Action concerning the Company or any of its Subsidiaries, (iii) any costs or liabilities incurred in connection with any Environmental Lien and (iv) any costs or liabilities incurred in connection with any other matter under any Environmental Law, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (49 U.S.C. Section 9601 et seq.) and applicable state, provincial or other property transfer laws, whether, with respect to any such matter, such Indemnitee is a mortgagee pursuant to any leasehold mortgage, a mortgagee in possession, the successor in interest to the Company or any of its Subsidiaries, or the owner, lessee or operator of any property of the Company or any of its Subsidiaries by virtue of foreclosure, except, with respect to those matters referred to in clauses (i), (ii), (iii) and (iv) above, to the extent (x) incurred following foreclosure by the Administrative Agent, any Lender or any Issuer, or the Administrative Agent, any Lender or any Issuer having become the successor in interest to the Company or any of its Subsidiaries and (y) attributable solely to acts of the Administrative Agent, such Lender or such Issuer or any agent on behalf of the Administrative Agent, such Lender or such Issuer.

(b) The Borrowers shall indemnify the Administrative Agent, the Lenders and each Issuer for, and hold the Administrative Agent, the Lenders and each Issuer harmless from and against, any and all claims for brokerage commissions, fees and other compensation made against the Administrative Agent, the Lenders and the Issuers for any broker, finder or consultant with respect to any agreement, arrangement or understanding made by or on behalf of any Loan Party or any of its Subsidiaries in connection with the transactions contemplated by this Agreement.

(c) The Company, at the request of any Indemnitee, shall have the obligation to defend against any investigation, litigation or proceeding or requested Remedial Action, in each case contemplated in clause (a) above, and the Company, in any event, may participate in the defense thereof with legal counsel of the Company's choice. In the event that such Indemnitee requests the Company to defend against such investigation, litigation or proceeding or requested Remedial Action, the Company shall promptly do so and such Indemnitee shall have the right to have legal counsel of its choice participate in such defense. No action taken by legal counsel chosen by such Indemnitee in defending against any such investigation, litigation or proceeding or requested Remedial Action, shall vitiate or in any way impair any Borrower's obligation and duty hereunder to indemnify and hold harmless such Indemnitee.

(d) The Borrowers agree that any indemnification or other protection provided to any Indemnitee pursuant to this Agreement (including pursuant to this Section 11.4) or any other Loan Document shall (i) survive the termination of this Agreement or payment in

full of the Obligations and (ii) inure to the benefit of any Person that was at any time an Indemnitee under this Agreement or any other Loan Document.

SECTION 11.5 LIMITATION OF LIABILITY

The Borrowers agree that no Indemnitee shall have any liability (whether in contract, tort or otherwise) to any Loan Party or any of their respective Subsidiaries or any of their respective equity holders or creditors for or in connection with the transactions contemplated hereby and in the other Loan Documents and Related Documents or arising out of any Loan Party's or any Agent Affiliate's transmission or Approved Electronic Communications through the internet or any use of the Approved Electronic Platform, except to the extent such liability is determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnitee's gross negligence, bad faith or willful misconduct or from a material breach of any of such Indemnitee's obligations under the Loan Documents to which it is a party. In no event, however, shall any Indemnitee be liable under Section 11.2(h) or on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings). Each of the Borrowers hereby waives, releases and agrees (each for itself and on behalf of its Subsidiaries) not to sue upon any such claim for any special, indirect, consequential or punitive damages, whether or not accrued and whether or not known or suspected to exist in its favor.

SECTION 11.6 RIGHT OF SET-OFF

Upon the occurrence and during the continuance of any Event of Default each Lender and each Affiliate of a Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by such Lender or its Affiliates to or for the credit or the account of the Borrowers against any and all of the Obligations now or hereafter existing whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and even though such Obligations may be unmatured. Each Lender agrees promptly to notify the Borrowers after any such set-off and application made by such Lender or its Affiliates; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. Each Lender agrees that it shall not, without the express consent of the Administrative Agent or the Requisite Lenders (and that, it shall, to the extent lawfully entitled to do so, upon the request of the Administrative Agent or the Requisite Lenders) exercise its set-off rights under this Section 11.6 against any deposit accounts of the Loan Parties and their Subsidiaries maintained with such Lender or any Affiliate thereof. The rights of each Lender under this Section 11.6 are in addition to the other rights and remedies (including other rights of set-off) that such Lender may have.

SECTION 11.7 SHARING OF PAYMENTS, ETC.

(a) If any Lender (directly or through an Affiliate thereof) obtains any payment (whether voluntary, involuntary, through the exercise of any right of set-off (including pursuant to Section 11.6 (Right of Set-off) or otherwise)) of the Loans owing to it, any interest thereon, fees in respect thereof or amounts due pursuant to Section 11.3 (Costs and Expenses) or 11.4 (Indemnities) (other than payments pursuant to Section 2.14 (Special Provisions Governing Eurocurrency Rate Loans and BA Rate Loans), 2.15 (Capital Adequacy) or 2.16 (Taxes)) or otherwise receives any Collateral or any proceeds of Collateral (other than payments pursuant to

Section 2.14 (Special Provisions Governing Eurocurrency Rate Loans and BA Rate Loans), 2.15 (Capital Adequacy) or 2.16 (Taxes)) (in each case, whether voluntary, involuntary, through the exercise of any right of set-off or otherwise (including pursuant to Section 11.6 (Right of Set-off))) in excess of its Ratable Portion of all payments of such Obligations obtained by all the Lenders, such Lender (a "Purchasing Lender") shall forthwith purchase from the other Lenders (each, a "Selling Lender") such participations in their Loans or other Obligations as shall be necessary to cause such Purchasing Lender to share the excess payment ratably with each of them.

(b) If all or any portion of any payment received by a Purchasing Lender is thereafter recovered from such Purchasing Lender, such purchase from each Selling Lender shall be rescinded and such Selling Lender shall repay to the Purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Selling Lender's ratable share (according to the proportion of (i) the amount of such Selling Lender's required repayment in relation to (ii) the total amount so recovered from the Purchasing Lender) of any interest or other amount paid or payable by the Purchasing Lender in respect of the total amount so recovered.

(c) The Borrowers agree that any Purchasing Lender so purchasing a participation from a Selling Lender pursuant to this Section 11.7 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrowers in the amount of such participation.

(d) Each of the parties hereto agrees that the Administrative Agent shall be entitled to convert any currency at the exchange rate then obtainable by the Administrative Agent for any payment required to be applied by it under this Agreement.

SECTION 11.8 NOTICES, ETC.

(a) Addresses for Notices. All notices, demands, requests, consents and other communications provided for in this Agreement shall be given in writing, or by any telecommunication device capable of creating a written record (including electronic mail), and addressed to the party to be notified as follows:

(i) if to the Borrower:

Novelis Inc.
3399 Peachtree Road NE, Suite 1500
Atlanta, Georgia 30326
Attention: Orville Lunking, Treasurer
E-mail: orville.lunking@novelis.com
Tel. (404) 814-4200

(ii) if to any Lender, at its Applicable Lending Office specified opposite its name on Schedule II (Applicable Lending Offices and Addresses for Notices) or on the signature page of any applicable Assignment and Acceptance;

(iii) if to any Issuer, at the address set forth under its name on Schedule II (Applicable Lending Offices and Addresses for Notices); and

(iv) if to the Administrative Agent:

CITICORP NORTH AMERICA, INC.
Global Loans Support Services
2 Penns Way, Suite 110
New Castle, Delaware 19720
Attention: Heather Puchalski
Telecopy no: (212) 994-0961
E-Mail Address: heather.m.puchalski@citigroup.com

with a copy to:

CITIBANK, N.A., CANADIAN BRANCH
c/o Citibank Canada
630, Rene-Levesque Blvd, Ste. 2450
Montreal, Quebec H3B 1S6
Attention: Isabelle F. Cote, Relationship Manager
Telecopy no: (514) 393-7545
E-Mail Address: isabelle.f.cote@citigroup.com

(All credit matters should be addressed to
Isabelle F. Cote at the address above.)

with a copy to:

WEIL, GOTSHAL & MANGES, LLP
767 Fifth Avenue
New York, New York 10153-0119
Attention: Daniel S. Dokos
Telecopy no: (212) 310-8007
E-Mail Address: daniel.dokos@weil.com

or at such other address as shall be notified in writing (x) in the case of the Borrowers, the Administrative Agent and the Swing Loan Lenders, to the other parties and (y) in the case of all other parties, to the Borrowers and the Administrative Agent.

(b) Effectiveness of Notices. All notices, demands, requests, consents and other communications described in clause (a) above shall be effective (i) if delivered by hand, including any overnight courier service, upon personal delivery, (ii) if delivered by mail, when deposited in the mails, (iii) if delivered by posting to an Approved Electronic Platform, an Internet website or a similar telecommunication device requiring a user prior access to such Approved Electronic Platform, website or other device, when such notice, demand, request, consent and other communication shall have been made generally available on such Approved Electronic Platform, Internet website or similar device to the class of Person being notified (regardless of whether any such Person must accomplish, and whether or not any such Person shall have accomplished, any action prior to obtaining access to such items, including registration, disclosure of contact information, compliance with a standard user agreement or undertaking a duty of confidentiality) and (iv) if delivered by electronic mail or any other telecommunications device, when transmitted to an electronic mail address (or by another means of electronic delivery) as provided in clause (a) above; provided, however, that notices and

communications to the Administrative Agent pursuant to Article II (The Facilities) or Article X (The Administrative Agent) shall not be effective until received by the Administrative Agent.

(c) Use of Electronic Platform. Notwithstanding clause (a) and (b) above (unless the Administrative Agent requests that the provisions of clause (a) and (b) above be followed) and any other provision in this Agreement or any other Loan Document providing for the delivery of, any Approved Electronic Communication by any other means, the Loan Parties shall deliver all Approved Electronic Communications to the Administrative Agent by properly transmitting such Approved Electronic Communications electronically (in a format acceptable to the Administrative Agent) to oploanswebadmin @citigroup.com or such other electronic mail address (or similar means of electronic delivery) as the Administrative Agent may notify the Borrower. Nothing in this clause (c) shall prejudice the right of the Administrative Agent or any Lender or Issuer to deliver any Approved Electronic Communication to any Loan Party in any manner authorized in this Agreement.

SECTION 11.9 NO WAIVER; REMEDIES

No failure on the part of any Lender, Issuer or the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 11.10 BINDING EFFECT

This Agreement shall become effective when it shall have been executed by the Borrowers and each Agent and when the Administrative Agent shall have been notified by each Lender and Issuer that such Lender or Issuer has executed it and thereafter shall be binding upon and inure to the benefit of the Borrowers, each Agent and each Lender and Issuer and, in each case, their respective successors and assigns; provided, however, that no Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 11.11 GOVERNING LAW

This Agreement 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.

SECTION 11.12 SUBMISSION TO JURISDICTION; SERVICE OF PROCESS

(a) Any legal action or proceeding with respect to this Agreement or any other Loan Document may be brought in the courts of the State of New York located in the City of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, each Borrower hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. The parties hereto hereby irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, that any of them may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdictions.

(b) Each of the Borrowers hereby irrevocably designates, appoints and empowers CSC Corporation, 1133 Ave of the Americas, Suite 3100, New York, New York, 10036 (telephone no: 212-299-5600) (telecopy no: 212-299-5656) (electronic mail address: agrigora@cscinfo.com and/or jpelleti@cscinfo.com) (the "Process Agent"), in the case of any suit, action or proceeding brought in the United States of America as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents that may be served in any action or proceeding arising out of or in connection with this Agreement or any Loan Document. Such service may be made by mailing (by registered or certified mail, postage prepaid) or delivering a copy of such process to such Borrower in care of the Process Agent at the Process Agent's above address, and each of the Borrowers hereby irrevocably authorizes and directs the Process Agent to accept such service on its behalf. As an alternative method of service, each of the Borrowers irrevocably consents to the service of any and all process in any such action or proceeding by the mailing (by registered or certified mail, postage prepaid) of copies of such process to the Process Agent or such Borrower at its address specified in Section 11.8 (Notices, Etc.). Each of the Borrowers agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Nothing contained in this Section 11.12 shall affect the right of the Administrative Agent or any Lender to serve process in any other manner permitted by law or commence legal proceedings or otherwise proceed against any Borrower or any other Loan Party in any other jurisdiction.

(d) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in Dollars, Canadian Dollars, Euros or Sterling into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase Dollars, Canadian Dollars, Euros or Sterling, as the case may be, with such other currency at the spot rate of exchange quoted by the Administrative Agent at 11:00 a.m. (New York time) on the Business Day preceding that on which final judgment is given, for the purchase of Dollars, Canadian Dollars, Euros or Sterling, as the case may be, for delivery two Business Days thereafter. The obligation of each Borrower in respect of any such sum due from it to the Administrative Agent or the Lenders hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent in the Agreement Currency, each Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or the Person to whom such obligation was owing against such loss.

SECTION 11.13 WAIVER OF JURY TRIAL

EACH OF THE AGENTS, THE LENDERS, THE ISSUERS AND THE BORROWERS IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT.

SECTION 11.14 MARSHALING; PAYMENTS SET ASIDE

None of the Administrative Agent, any Lender or any Issuer shall be under any obligation to marshal any assets in favor of any Borrower or any other party or against or in payment of any or all of the Obligations. To the extent that any Borrower makes a payment or payments to the Administrative Agent, the Lenders or the Issuers or any such Person receives payment from the proceeds of the Collateral or exercise their rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, right and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

SECTION 11.15 SECTION TITLES

The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto, except when used to reference a section. Any reference to the number of a clause, sub-clause or subsection hereof immediately followed by a reference in parenthesis to the title of the Section containing such clause, sub-clause or subsection is a reference to such clause, sub-clause or subsection and not to the entire Section; provided, however, that, in case of direct conflict between the reference to the title and the reference to the number of such Section, the reference to the title shall govern absent manifest error. If any reference to the number of a Section (but not to any clause, sub-clause or subsection thereof) is followed immediately by a reference in parenthesis to the title of a Section, the title reference shall govern in case of direct conflict absent manifest error.

SECTION 11.16 EXECUTION IN COUNTERPARTS

This Agreement may be executed in any number of counterparts and by different parties 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. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are attached to the same document. Delivery of an executed signature page of this Agreement by facsimile transmission or by posting on the Approved Electronic Platform shall be as effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all parties shall be lodged with the Company and the Administrative Agent.

SECTION 11.17 ENTIRE AGREEMENT

This Agreement, together with all of the other Loan Documents and all certificates and documents delivered hereunder or thereunder, embodies the entire agreement of the parties and supersedes all prior agreements and understandings relating to the subject matter hereof. The Borrowers, jointly and severally, hereby assume all of the obligations of Alcan under the Commitment Letter and the Fee Letter. In the event of any conflict between the terms of this Agreement and any other Loan Document, the terms of this Agreement shall govern.

SECTION 11.18 CONFIDENTIALITY

Each Lender and the Administrative Agent agree to use all reasonable efforts to keep information obtained by it pursuant hereto and the other Loan Documents confidential in accordance with such Lender's or the Administrative Agent's, as the case may be, customary practices and agrees that it shall only use such information in connection with the transactions contemplated by this Agreement and not disclose any such information other than (a) to such Lender's or the Administrative Agent's, as the case may be, employees, representatives and agents that are or are expected to be involved in the evaluation of such information in connection with the transactions contemplated by this Agreement and are advised of the confidential nature of such information, (b) to the extent such information presently is or hereafter becomes available to such Lender or the Administrative Agent, as the case may be, on a non-confidential basis from a source other than the Company or a Subsidiary thereof, (c) to the extent disclosure is required by law, regulation or judicial order or requested or required by bank regulators or auditors, (d) to current or prospective assignees, participants and Special Purpose Vehicles grantees of any option described in Section 11.2(f) (Assignments and Participations), contractual counterparties in any Hedging Contract permitted hereunder and to their respective legal or financial advisors, in each case and to the extent such assignees, participants, grantees or counterparties agree to be bound by, and to cause their advisors to comply with, the provisions of this Section 11.18 or (e) with the prior written consent of the Company. Notwithstanding any other provision in this Agreement, the Borrowers hereby agree that each Borrower (and each of its officers, directors, employees, accountants, attorneys and other advisors) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the Facilities and the transactions contemplated hereby and all materials of any kind (including opinions and other tax analyses) that are provided to it relating to such U.S. tax treatment and U.S. tax structure.

SECTION 11.19 PATRIOT ACT

The Lenders hereby notify the Borrowers that pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Patriot Act"), each Lender is required to obtain, verify and record information that identifies each Borrower, which information includes the name, address, tax identification number and other information regarding such Borrower that will allow such Lender to identify such Borrower in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective as to each Lender.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

NOVELIS INC.
As Borrower

By: /s/ Geoffrey P. Batt

Name: Geoffrey P. Batt
Title: Chief Financial Officer

NOVELIS CORPORATION
As Borrower

By: /s/ Geoffrey P. Batt

Name: Geoffrey P. Batt
Title: Attorney-in-Fact

NOVELIS DEUTSCHLAND GMBH
As Borrower

By: /s/ Verschuer

Name: Verschuer
Title: Managing Director

NOVELIS UK LTD.
As Borrower By its duly appointed attorney:

By: /s/ Geoffrey P. Batt

Name: Geoffrey P. Batt

NOVELIS AG
As Borrower

By: /s/ Geoffrey P. Batt

Name: Geoffrey P. Batt
Title: Attorney-in-Fact

CITICORP NORTH AMERICA, INC.
As Administrative Agent, Swing Loan Lender, Lender and Issuer

By: /s/ Arnold Wong

Name: Arnold Wong
Title: Vice President

CITIBANK INTERNATIONAL PLC
As Swing Loan Lender, Lender and Issuer

By: /s/ Steven R. Victorin

Name: Steven R. Victorin
Title: Vice President

CITIBANK, N.A., CANADIAN BRANCH,
As Lender

By: /s/ Isabelle Cote

Name: Isabelle Cote
Title: Vice President

MORGAN STANLEY SENIOR FUNDING, INC.
As Co-Syndication Agent and Lender

By: /s/ Jaap L. Tonckens

Name: Jaap L. Tonckens
Title: Vice President Morgan Stanley
Senior Funding

UBS SECURITIES LLC
As Co-Syndication Agent

By: /s/ Eric H. Coombs

Name: Eric H. Coombs
Title: Executive Director

By: /s/ Warren Jervey

Name: Warren Jervey
Title: Director and Counsel Region
Americas Legal

UBS LOAN FINANCE LLC
As Lender

By: /s/ Wilfred V. Saint

Name: Wilfred V. Saint
Title: Director Banking Products
Services, US

By: /s/ Joselin Fernandes

Name: Joselin Fernandes
Title: Associate Director Banking Products
Services, US

Other Lenders:

ROYAL BANK OF CANADA

By: /s/ Dustin Craven

Name: Dustin Craven
Title: Attorney-in-Fact

By: /s/ Rod Smith

Name: Rod Smith
Title: Attorney-in-Fact

JPMORGAN CHASE BANK, N.A.

By: /s/ Christine Chan

Name: Christine Chan
Title: Vice President

NATIONAL CITY BANK

By: /s/ Thomas E. Redmond

Name: Thomas E. Redmond
Title: Senior Vice President

SOCIETE GENERALE

By: /s/ Ambrish D. Thanawala

Name: Ambrish D. Thanawala
Title: Director

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By: /s/ Chris Droussiotis

Name: Chris Droussiotis
Title: Vice President

HSBC BANK USA, N.A.

By: /s/ P.E. Kavanagh

Name: P.E. Kavanagh
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION

By: /s/ Kay Reedy

Name: Kay Reedy
Title: Director

ABN AMBRO BANK N.V.

By: /s/ Lawrence J. Maloney

Name: Lawrence J. Maloney
Title: Managing Director

By: /s/ David Moore

Name: David Moore
Title: Director

COMMERZBANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES

By: /s/ Andrew P. Lusk

Name: Andrew P. Lusk
Title: Vice President

By: /s/ Barbara Peters

Name: Barbara Peters
Title: Assistant Treasurer

BNP PARIBAS

By: /s/ John Stacy

Name: John Stacy
Title: Managing Director

By: /s/ Aurora Abella

Name: Aurora Abella
Title: Vice President

FORTIS CAPITAL CORP.

By: /s/ Douglas V. Riahi

Name: Douglas V. Riahi
Title: Senior Vice President

By: /s/ Signature Illegible

Name: Signature Illegible
Title: Vice President

BAYERISCHE HYPO- UND VEREINSBANK AG,
NEW YORK BRANCH

By: /s/ William W. Hunter

Name: William W. Hunter
Title: Director

By: /s/ Annett Guderian

Name: Annett Guderian
Title: Associate Director

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Robert H. Riley III

Name: Robert H. Riley III
Title: Senior Vice President

SUMITOMO MITSUI BANKING CORPORATION OF CANADA

By: /s/ Alfred Lee

Name: Alfred Lee
Title: Vice President

LANDESBANK BADEN-WUERTTEMBERG NEW YORK BRANCH

By: /s/ Karen Richard

Name: Karen Richard
Title: Vice President

By: /s/ Heiko Kestering

Name: Heiko Kestering
Title: Associate Vice President

BAYERISCHE LANDESBANK, CAYMAN ISLANDS BRANCH

By: /s/ Signature Illegible

Name: Signature Illegible
Title: Senior Vice President

By: /s/ Norman McClave

Name: Norman McClave
Title: First Vice President

FIFTH THIRD BANK

By: /s/ Martin H. McGinty

Name: Martin H. McGinty
Title: Vice President

UNITED OVERSEAS BANK LIMITED, NEW YORK AGENCY

By: /s/ Kwong Yew Wong

Name: Kwong Yew Wong
Title: FVP & General Manager

By: /s/ Philip Cheong

Name: Philip Cheong
Title: VP & Deputy General Manager

DESJARDINS COMMERCIAL LENDING U.S.A. CORP.

By: /s/ Andre Bellefeuille

Name: Andre Bellefeuille
Title: President

By: /s/ Jean-Guy Langelier

Name: Jean-Guy Langelier
Title: Sole Administrator

BANCA NAZIONALE DEL LAVORO SPA, NEW YORK BRANCH

By: /s/ Juan Cortes

Name: Juan Cortes
Title: Relationship Manager

By: /s/ Francesco Di Mario

Name: Francesco Di Mario
Title: Senior Manager

THE BANK OF NEW YORK

By: /s/ David C. Siegel

Name: David C. Siegel
Title: Vice President

N M ROTHSCHILD & SONS LIMITED

By: /s/ David Street

Name: David Street
Title: Director

By: /s/ Signature Illegible

Name: Signature Illegible
Title: Assistant Director

TABLE OF CONTENTS

SCHEDULES

Page

EXHIBITS

EXECUTION COPY

Exhibit 10.12

EMPLOYEE MATTERS AGREEMENT

between

ALCAN INC.

and

NOVELIS INC.

Dated January 5, 2005 with effect as of the Effective Time

TABLE OF CONTENTS

EMPLOYEE MATTERS AGREEMENT

THIS AGREEMENT entered into in the City of Montreal, Province of Quebec, is dated January 5, 2005 with effect as of the Effective Time.

BETWEEN: ALCAN INC., a corporation organized under the Canada Business Corporations Act ("ALCAN");

AND: NOVELIS INC., a corporation incorporated under the Canada Business Corporations Act ("NOVELIS").

RECITALS:

WHEREAS Alcan and Novelis have entered into a Separation Agreement pursuant to which the Parties (as defined below) have set out the terms on which, and the conditions subject to which, they wish to implement the Separation (as defined below) (such agreement, as amended, restated or modified from time to time, the "SEPARATION AGREEMENT").

WHEREAS in connection therewith, Alcan and Novelis have agreed to enter into this Agreement to allocate between them assets, liabilities and responsibilities with respect to certain employee compensation, pension and benefit plans, programs and arrangements and certain employment matters and, more specifically, to set out the terms and conditions pertaining to the transfer of the Transferred Employees (as defined below) to Novelis or any other member of Novelis Group (as defined below).

WHEREAS in connection therewith, it is necessary to indicate in individual Appendices (as defined below), by applicable country, certain of the terms and conditions of this Agreement which are applicable to the Employees (as defined below) and Former Employees (as defined below) affected by the transaction described in the Separation Agreement.

NOW THEREFORE, in consideration of the mutual agreements, covenants and other provisions set forth in this Agreement, the Parties hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

Unless otherwise defined in this Agreement, capitalized words and expressions and variations thereof used in this Agreement or in its Appendices have, unless a clearly inconsistent meaning is required under the context, the meanings set forth in the Separation Agreement and the following words and expressions and variations thereof used in this Agreement or in its Appendices, unless a clearly inconsistent meaning is required under the context, have the following meanings:

"ALCAN EMPLOYMENT POLICIES" means all material benefits, compensation and employment policies as well as all material practices relating thereto of Alcan Group, applicable to the

Employees and Former Employees in each applicable country immediately prior to the Effective Time, including but not limited to those listed in the Appendices, as well as the following policies, which apply internationally:

- Individual Performance and Career Management System (IPCM)
- Job evaluation process with the Hay system
- Jobs online
- People development
- Executive Performance Award (EPA)
- Environment, Health and Safety First (EHS First)
- Code of Conduct
- Policy on International Assignments.

Without limiting the generality of the foregoing, the Alcan Employment Policies include all policies and practices relating to vacation, statutory holidays, leaves of absence, scholarship or tuition reimbursement, dependant care assistance, immigration assistance, employee loans or loan guarantees, severance, compensation or bonus or change of control.

"ALCAN EQUITY COMPENSATION PLANS" means all equity compensation plans of Alcan Group applicable to the Employees and Former Employees in each applicable country, as listed in Section 11.

"ALCAN GROUP" means Alcan and its Subsidiaries from time to time after the Effective Time.

"ALCAN P. B. PLANS" means all pension and benefit plans as well as all material practices relating thereto of Alcan Group, applicable to the Employees and Former Employees in each applicable country, including but not limited to those listed in the Appendices. Without limiting the generality of the foregoing, the Alcan P.B. Plans include all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, profit sharing, deferred compensation, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, tuition fees, employee bonus award, recognition plans or programs and other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of Alcan Group for the benefit of the Employees and Former Employees, including any public or government sponsored plan.

"AESOP" has the meaning set forth in Section 11.1.

"APPLICABLE WORKERS' COMPENSATION LAW" means the statutory and administrative regime set up within each applicable country for the insurance and management of workplace injuries and illnesses.

"APPENDIX (CES)" means an appendix or the appendices listed in Section 1.2.

"APPO" has the meaning set forth in Section 7.1 of this Agreement.

"COLLECTIVE AGREEMENTS" means all written agreements entered into between Alcan or any other member of Alcan Group and unions on behalf of Employees with respect to the terms and conditions of employment of Employees, in each applicable country, including but not limited to, those listed in the Appendices.

"CONVERTED OPTIONS" has the meaning set forth in Appendix 15.

"DSUP" has the meaning set forth in Section 11.1.

"EFFECTIVE DATE" means the date shown on the Certificate of Arrangement issued by the Director under the Canada Business Corporations Act giving effect to the Separation.

"EFFECTIVE TIME" means 12:01 a.m. Montreal time on the Effective Date.

"EPA" has the meaning set forth in Section 11.1.

"EMPLOYEES" means all employees, including Leave Employees, of the Separated Businesses and the Separated Entities, including but not limited to, those listed in the Appendices.

"EXPATRIATES" means those Employees who are, as at the Effective Time, assigned to a country other than their country of origin, including but not limited to, those listed in Appendix "16".

"FORMER EMPLOYEES" means all former employees of any Separated Business or Separated Entity, as at the Effective Time, including retirees, who were employed by a Separated Business or a Separated Entity when they ceased to be employed by the Alcan Group, for whatever reason.

"GROUP" means Alcan Group or Novelis Group, as the context requires.

"HR LIABILITIES" means all obligations and liabilities for wages, bonuses (including, for greater certainty, all EPA) variable compensation, workers' compensation benefits, pension and other benefits or any other employee claim, including vacation pay, in respect of any Transferred Employee or Former Employee.

"LEAVE EMPLOYEE" means any Employee who is on short-term disability leave, long-term disability leave, pregnancy or parental leave, absent and in receipt of workers' compensation benefits or on any other form of approved leave, as of the Effective Time.

"NON-ASSUMED ALCAN P.B. PLANS" means the Alcan P.B. Plans that are not sponsored by a Separated Business or a Separated Entity and that do not cover exclusively Employees or Former Employees.

"NON-ASSUMED ALCAN GROUP BENEFIT PLANS" means the Non-Assumed Alcan P.B. Plans providing life, dismemberment, health, disability or similar benefits.

"NON-ASSUMED ALCAN PENSION PLANS" means the Non-Assumed Alcan P.B. Plans that are pension plans.

"NOVELIS GROUP" means Novelis and its Subsidiaries from time to time after the Effective Time.

"NOVELIS GROUP BENEFITS PLANS" means the Novelis P.B. Plans providing life, dismemberment, health, disability or similar benefits.

"NOVELIS P.B. PLANS" has the meaning set forth in Section 9.4.

"NOVELIS PENSION PLANS" means the Novelis P.B. Plans that are pension plans.

"PARTY" means each of Alcan and Novelis as a party to this Agreement and "PARTIES" means both of them.

"PARTICIPATION PERIOD" has the meaning set forth in Section 9.4.

"RSU" has the meaning set forth in Section 11.1.

"SEPARATION" means the transfer by Alcan to Novelis, pursuant to a Plan of Arrangement under the Canada Business Corporations Act of substantially all of the aluminium rolled products businesses operated by Alcan prior to December 2003 together with certain other assets, the whole as further described in the Separation Agreement.

"SEPARATION AGREEMENT" has the meaning set forth in the Preamble to this Agreement.

"SPAU" has the meaning set forth in Section 11.1.

"SUBSIDIARY" of any Person means any corporation, partnership, limited liability entity, joint venture or other organization, whether incorporated or unincorporated, of which a majority of the total voting power of capital stock or other interests entitled (without the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, is at the time owned or controlled, directly or indirectly, by such Person.

"TRANSFERRED EMPLOYEES" means those Employees whose employment is continued with Novelis or any relevant other member of Novelis Group, pursuant to Section 7.1 of this Agreement.

"TRANSITIONAL SERVICES" means the employment related services to be provided by either Party under the Transitional Services Agreement and which are further described in the Transitional Services Agreement.

"TSRP" has the meaning set forth in Section 11.1.

1.2 APPENDICES

The following are the Appendices attached to this Agreement and which form part hereof:

Appendix 1 - Canada
Appendix 1A - List of Canadian Employees
Appendix 2 - France

Appendix 2A - List of French Employees
Appendix 3 - Korea
Appendix 3A - List of Korean Employees
Appendix 4 - Malaysia
Appendix 4A - List of Malaysian Employees
Appendix 5 - Brazil
Appendix 5A - List of Brazilian Employees
Appendix 5B - List of Claims and Grievances Filed by Brazilian Employees and Former Employees
Appendix 6 - United Kingdom
Appendix 6A - List of United Kingdom Employees
Appendix 7 - Germany
Appendix 7A - List of German Employees, excluding Alu-Norf Employees
Appendix 8 - United States
Appendix 8A - List of US Employees
Appendix 9 - Italy
Appendix 9A - List of Italian Employees
Appendix 10 - Luxembourg
Appendix 10A - List of Luxembourg Employees
Appendix 11 - Switzerland
Appendix 11A - List of Switzerland Employees
Appendix 12 - Belgium
Appendix 12A - List of Belgian Employees
Appendix 13 - Netherlands
Appendix 13A - List of Dutch Employees
Appendix 14 - Change of Control Agreements
Appendix 15 - Conversion of rights in Alcan Equity Compensation Plans
Appendix 16 - List of Expatriates.

2. CONFIDENTIALITY

The terms of the confidentiality provisions set forth in Sections 11.07 and 11.08 of the Separation Agreement shall apply to any and all Confidential Information disclosed in the course of the Parties' interactions under this Agreement including Confidential Information disclosed in the course of and pursuant to the Transitional Services Agreement, and such Confidentiality provisions shall continue to apply notwithstanding the expiry or early termination of the Separation Agreement and Transitional Services Agreement.

3. LIMITATION OF LIABILITY AND INDEMNIFICATION

The terms of the Separation Agreement relating to mutual releases and indemnification set forth in Article IX of the Separation Agreement shall apply to this Agreement, as if such Article was set out in full herein by reference to the obligations of the Parties hereunder, subject to the provisions set forth in Section 7.1 of this Agreement.

4. DISPUTE RESOLUTION

The Master Agreement with respect to Dispute Resolution among the Parties and other parties thereto shall govern all disputes, controversies or claims (whether arising in contract, delict, tort or otherwise) between the Parties that may arise out of, or relate to, or arise under or in connection with, this Agreement or the transactions contemplated hereby (including all actions taken in furtherance of the transactions contemplated hereby), or the commercial or economic relationship of the Parties relating hereto or thereto.

5. REPRESENTATIONS, WARRANTIES AND OTHER COVENANTS

The Parties hereby reiterate for the purposes of this Agreement those representations and warranties set forth in Article VI of the Separation Agreement.

In addition and without limiting the generality of the foregoing, Novelis shall, and shall cause, where applicable, any relevant other member of Novelis Group to, comply with all covenants and undertakings set out in this Agreement, including all Appendices, that are made by Novelis, whether on its own behalf or on behalf of Novelis Group or any relevant other member of Novelis Group, such as those mentioned in Sections 7, 8, 9, 10 and 11 of this Agreement (which enumeration is not intended to be exhaustive), subject to Applicable Law.

6. ASSIGNMENT

Neither Party shall assign or transfer this Agreement, in whole or in part, or any interest or obligation arising under this Agreement without the prior written consent of the other Party.

7. TRANSFERRED EMPLOYEES

7.1 CONTINUITY OF EMPLOYMENT

Novelis and each relevant other member of Novelis Group shall continue the employment of the Employees whose employment is automatically transferred to it pursuant to Applicable Law, on substantially comparable terms and conditions, in the aggregate, (including the Alcan P.B. Plans and the Alcan Employment Policies) as those applicable at the Effective Time to the Employees, and shall maintain such terms and conditions for a period up to and including the first anniversary of the Effective Time or for such longer period as is required pursuant to Applicable Law.

With respect to Employees whose employment is not automatically transferred pursuant to Applicable Law, or if required pursuant to Applicable Law, Novelis and each relevant other member of Novelis Group will offer such Employees continuation of employment on substantially comparable terms and conditions, in the aggregate, (including the Alcan P.B. Plans and the Alcan Employment Policies) as those applicable at the Effective Time to such

Employees, by means of a letter from Novelis Group in such form as may be required by Applicable Law or in such other legally permissible and effective form as may be appropriate.

Notwithstanding the foregoing, Novelis and each relevant other member of Novelis Group shall have the right to modify such terms and conditions of employment before the expiry of said one year period, only if such changes are part of a Collective Agreement.

Without limiting the generality of the foregoing, Novelis and each relevant other member of Novelis Group shall offer its executives benefits of comparable value to those which applied to them at the Effective Time. Furthermore, those amongst the Transferred Employees who currently participate in the Alcan Pension Plan for Officers (the "APPO") shall see their respective service and earnings as officers of Alcan (or any other member of Alcan Group) recognized by Novelis and each relevant other member of Novelis Group, for purposes of the Novelis pension plan applicable to such Transferred Employees.

For greater certainty, in addition to Novelis's indemnification obligations set out in Section 9.02 of the Separation Agreement, Novelis shall indemnify and hold harmless, and shall cause the other members of Novelis Group, to solidarily indemnify and hold harmless Alcan and each other member of Alcan Group from and against any Liability relating to, arising out of or resulting from any claim, of any nature whatsoever, made by any Employee who refuses to be employed or to continue to be employed by Novelis or any relevant other member of Novelis Group or who alleges, once he has begun employment with Novelis or any relevant other member of Novelis Group, that Novelis or any relevant other member of Novelis Group did not maintain such terms and conditions of employment for a period of one year as stipulated in the first paragraph of this Section 7.1.

7.2 CONTINUOUS SERVICE WITH ALCAN

Novelis and each relevant other member of Novelis Group shall recognize the respective service with Alcan (or any other member of Alcan Group) of all Transferred Employees, for all purposes except where it would result in duplicate benefits for the same period of service. With respect to Novelis Pension Plans, and except as otherwise dealt with in an Appendix, such service will not be counted for calculation of benefits, unless Novelis or any other relevant member of Novelis Group decides otherwise. Where applicable, Alcan shall recognize service with Novelis and any relevant other member of Novelis Group of all Transferred Employees for vesting and for eligibility requirements for all Alcan P.B. Plans.

7.3 COLLECTIVE AGREEMENTS

Novelis or the relevant other member of Novelis Group shall be the successor employer of Alcan or any other member of Alcan Group under the Collective Agreements pursuant to the respective terms of such Collective Agreements and/or Applicable Law and, from and after the Effective Time, Novelis or any relevant other member of Novelis Group shall be bound by, and observe, and shall cause the other members of Novelis Group to observe, all the terms, conditions, rights and obligations under such Collective Agreements. Without limiting the generality of the foregoing, Novelis or the relevant other members of Novelis Group shall be the successor

employers with respect to any pending grievances, complaints or other litigation relating to Employees covered by such Collective Agreements.

7.4 FORMER EMPLOYEES

Except as otherwise specifically dealt with in this Agreement or an Appendix, Novelis or the relevant other members of Novelis Group shall assume all Liabilities, including HR Liabilities, relating to the Former Employees.

7.5 NOVELIS RESPONSIBILITY FOR HR LIABILITIES

As of the Effective Time, and except as otherwise specifically dealt with in this Agreement or an Appendix, Novelis shall be responsible for, and shall discharge, and shall cause the relevant other members of Novelis Group to discharge, all HR Liabilities, whether accrued prior to, on or after the Effective Time.

7.6 ALCAN RESPONSIBILITY FOR HR LIABILITIES

As of the Effective Time, and except as otherwise specifically dealt with in this Agreement or an Appendix, no member of Alcan Group shall be responsible for any HR Liabilities, whether accrued prior to, on or after the Effective Time.

7.7 SEVERANCE

Novelis shall pay, and shall cause the relevant other members of Novelis Group to pay, severance to the Transferred Employees whose employment is terminated by Novelis or any relevant other member of Novelis Group, on or before the first anniversary of the Effective Time, on terms no less favourable than the severance, if any, that would have been applicable to such Transferred Employees pursuant to the severance policies of Alcan Group or Applicable Law in effect at the Effective Time, assuming such Transferred Employees had remained employees of Alcan or any other member of Alcan Group, until such termination.

7.8 CHANGE OF CONTROL AGREEMENTS

As of the Effective Time, Novelis and each relevant other member of Novelis Group, shall assume, perform, discharge and fulfill all the obligations of Alcan set forth in the Change of Control Agreements listed in Appendix "14" attached to this Agreement.

8. EXPATRIATES

Each Expatriate shall receive from Novelis or the relevant other members of Novelis Group, a letter confirming the terms and conditions of employment applicable to such person. Without limiting the generality of the foregoing, such letter will provide details as to the pension plans and benefits which will apply to such Expatriate.

9. PENSION AND BENEFITS MATTERS

9.1 GENERAL RULE

Except as otherwise dealt with in this Agreement, an Appendix or the Transitional Services Agreement and subject to mandatory provisions of Applicable Law, all matters relating to pension and benefits of the Transferred Employees and Former Employees shall be governed by this Section 9. Novelis or the relevant other members of the Novelis Group shall assume all Liabilities relating to the benefits of the Transferred Employees and the Former Employees under the Alcan P.B. Plans as of the Effective Time.

9.2 PLANS CONTINUED OR ASSUMED BY NOVELIS

All Alcan P.B. Plans sponsored by a Separated Entity or a Separated Business or covering exclusively Employees or Former Employees shall be continued by or, as applicable, assigned to and assumed by Novelis or the relevant other members of the Novelis Group as of the Effective Time.

9.3 PUBLIC PLANS

Novelis or the relevant other members of Novelis Group shall be the successor employers in respect of the Employees and Former Employees in respect of any Alcan P.B. Plan that is a public or government sponsored plan as of the Effective Time.

9.4 NON-ASSUMED ALCAN P.B. PLANS

As of the later of the Effective Time or the day following the end of a period during which Transferred Employees and Former Employees have continued to be covered by a Non-Assumed Alcan P.B. Plan after the Effective Time pursuant to an Appendix or the Transitional Services Agreement (the "PARTICIPATION Period"), Transferred Employees and Former Employees shall cease to actively participate in, accrue benefits under or be covered by, the Non-Assumed Alcan P.B. Plans and shall be treated as terminated employees or terminated members under those plans.

As of the later of the Effective Time or the day following the end of a Participation Period, Novelis or the relevant other members of Novelis Group shall establish pension and benefit plans that will provide the Transferred Employees and Former Employees with pension and benefits and on terms and conditions that are in the aggregate substantially similar to those of the relevant Non-Assumed Alcan P.B. Plan in effect on the later of the Effective Time or the end of the Participation Period in question (the "NOVELIS P.B. PLANS"). However Novelis Group shall not be required to maintain substantially similar benefits beyond the first anniversary of the Effective Time.

9.5 NON-ASSUMED ALCAN PENSION PLANS

Alcan and the relevant Non-Assumed Alcan Pension Plan shall remain responsible for the benefits accrued by the Transferred Employees and the Former Employees under each of the

Non-Assumed Alcan Pension Plans up to the Effective Time or such later time pursuant to an Appendix or the Transitional Services Agreement, unless and until such benefits are transferred to a Novelis Pension Plan pursuant to terms set out in an Appendix.

9.6 NON-ASSUMED ALCAN GROUP BENEFIT PLANS

Novelis and the relevant other members of Novelis Group shall ensure that evidence of insurability or pre-existing conditions and eligibility periods in respect of the Novelis Group Benefit Plans are waived in respect of the Transferred Employees and Former Employees and shall honour any deductibles, co-payments, co-insurance or out-of-pocket expenses paid or incurred by such Transferred Employees and Former Employees, including with respect to their covered dependants, under the Non-Assumed Alcan Group Benefit Plans from the beginning of the current coverage period to the Effective Time, as though such amounts had been paid in accordance with the terms and conditions of the Novelis Group Benefit Plans.

Alcan shall retain responsibility under and subject to the terms of the Non-Assumed Alcan Group Benefit Plans, for death, dismemberment, medical and dental claims incurred prior to the Effective Time, and Novelis and the relevant other members of Novelis Group shall be responsible for death, dismemberment, medical and dental claims incurred after the Effective Time. For greater certainty, for the purposes hereof, a claim in connection with the foregoing shall be deemed to be incurred on the date hereinafter specified:

- - with respect to death or dismemberment claim: the date on which the event occurred; and

- - with respect to a medical or a dental claim: the date on which the services were provided or the supplies were purchased.

With respect to disability, salary continuance or other wage replacement benefit, Novelis and the relevant other members of Novelis Group shall be responsible for all payments to disabled Transferred Employees from and after the Effective Time except for those payments that remain covered by the insured portion of the Non-Assumed Alcan Group Benefit Plans or by a Non-Assumed Alcan Pension Plan.

10. EMPLOYMENT-RELATED MATTERS

10.1 TRANSFERRED EMPLOYEES' RECORDS

Subject to Applicable Law, Alcan shall deliver to Novelis or the relevant other members of Novelis Group, on or after the Effective Time, all documentation it has on file relating to each Transferred Employee and Former Employee, including, as applicable, any curriculum vitae, offer of employment and history of employment (positions held and salary progression), disciplinary measures and performance evaluations carried out by Alcan Group and received by such Transferred Employee. Alcan shall retain a copy of all such documentation relating to such Transferred Employees it is legally required to retain pursuant to Applicable Law.

10.2 VACATION

Appendices "1" to "13" attached to this Agreement set forth, on a country-by-country basis, Alcan's estimate of the total amount of pay for all accrued and unused vacation days due and owing to the Transferred Employees of the relevant country up to the Effective Time. Novelis shall grant, and shall cause each relevant other member of Novelis Group to grant, each Transferred Employee paid time off in an amount equal to the accrued and unused vacation days for each such Transferred Employee as set forth in the relevant Appendix and which was used by Alcan in connection with the foregoing calculations. Alcan shall, within sixty (60) days after the Effective Time or as soon as practicable thereafter, provide Novelis and each relevant other member of Novelis Group, upon request, with updated Appendices "1" to "13" prepared as at the Effective Time, confirming the accrued and unused vacation days.

10.3 WORKERS' COMPENSATION

Novelis and each relevant other member of Novelis Group shall reimburse Alcan and each relevant other member of Alcan Group for any and all assessments, reassessments, charges, surcharges, fines, levies or penalties imposed upon Alcan or any other member of Alcan Group after the Effective Time, under any Applicable Workers' Compensation Law, to the extent that such assessments, reassessments, charges, surcharges, fines, levies or penalties relate to any Transferred Employee or any Former Employee.

10.4 COOPERATION

After the date hereof, Alcan and Novelis shall co-operate, and shall cause the other members of their respective Group to co-operate, promptly and in good faith in implementing this Agreement.

Alcan and Novelis acknowledge that the employee matters relating to the transaction are complex and that there are situations that may not be dealt with specifically in this Agreement and agree that, should they occur, such situations shall be dealt with to the fullest extent possible in accordance with the general principles laid out in this Agreement and the Separation Agreement.

11. ALCAN EQUITY COMPENSATION PLANS

11.1 GENERAL PRINCIPLES

The Alcan Equity Compensation Plans are the following:

- Alcan Executive Share Option Plan ("AESOP");

- Total Shareholder Return Plan ("TSRP");

- Stock Price Appreciation Unit - Suisse ("SPAU");

- Deferred Stock Unit Plan ("DSUP");

- Restricted Stock Unit ("RSU"); and

- Employee Performance Award ("EPA").

Subject to the terms of the Plan of Arrangement, and save and except for those who, amongst the Transferred Employees, hold Pechiney options (with underlying Alcan options), all rights enjoyed by Transferred Employees in the Alcan Equity Compensation Plans shall be cancelled or forfeited, as applicable, as of the Effective Time.

As of the Effective Time, such Transferred Employees who were entitled to participate in the Alcan Equity Compensation Plans shall be entitled to receive Converted Options and other rights in accordance with the principles further described in Appendix "15".

The liabilities relating to the EPA earned by the Transferred Employees in year 2004 and to be paid in year 2005 shall be assumed by Novelis.

11.2 FORMER EMPLOYEES

For greater certainty, the general principles mentioned in Section 11.1 do not apply to Former Employees. Such Former Employees shall be entitled to exercise their rights in the Alcan Equity Compensation Plans in accordance with the terms thereof, with the exception of Novelis' Chief Financial Officer, Mr. Geoff Batt, who will also receive Converted Options in accordance with the principles set out in Appendix "15".

12. TRANSITIONAL SERVICES

The Parties shall provide one another those Transitional Services relating to employment matters that are described in the Transitional Services Agreement.

13. MISCELLANEOUS

13.1 CONSTRUCTION

The terms of the Separation Agreement relating to construction or interpretation set forth in Section 16.04 of the Separation Agreement shall apply to this Agreement.

13.2 PAYMENT TERMS

Except as expressly provided in this Agreement, the terms of the Separation Agreement relating to payment terms set forth in Section 16.08 of the Separation Agreement shall apply to this Agreement.

13.3 NOTICES

All notices and other communications hereunder shall be given in conformity with Section 16.10 of the Separation Agreement.

13.4 GOVERNING LAW

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein, irrespective of conflict of laws principles under Quebec law, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

13.5 ENTIRE AGREEMENT

This Agreement, the Separation Agreement and exhibits, schedules and Appendices hereto and thereto and the specific agreements contemplated herein or thereby, contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. No agreements or understandings exist between the Parties other than those set forth or referred to herein or therein.

13.6 CONFLICTS

In case of any conflict or inconsistency between this Agreement and the Separation Agreement, this Agreement shall prevail. In case of any conflict or inconsistency between the terms and conditions of this Agreement and the terms of any Transition Service Schedule to the Transitional Services Agreement, the provisions of this Agreement shall prevail. In case of any conflict or inconsistency between the terms and conditions of this Agreement, and the term of any Appendix thereto, the provisions of the Appendix shall prevail.

13.7 SURVIVAL

Except as expressly set forth in the Separation Agreement, the covenants, representations and warranties contained in this Agreement, including those contained in Section 2 (Confidentiality) hereof, and liability for the breach of any obligation contained herein shall survive the expiration of this Agreement.

13.8 INDEMNIFICATION

Notwithstanding anything to the contrary in this Agreement, Novelis shall indemnify and hold Alcan and the relevant other members of Alcan Group harmless from and against all Liabilities in respect of claims resulting from the failure of any other member of Novelis Group to fulfill its obligations pursuant to this Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties hereto have caused this Employee Matters Agreement to be executed by their duly authorized representatives.

ALCAN INC.

By: /s/ David McAusland

Name:

Title:

NOVELIS INC.

By: /s/ Brian W. Sturgell

Name:

Title:

Exhibit 10.25

NOVELIS INC. SHORT-TERM INCENTIVE PLAN
2005 PERFORMANCE MEASURES

Novelis Inc. ("Novelis") maintains a short-term incentive plan, STIP, pursuant to which it awards cash bonuses to the participants. The annual performance measures and targets as well as target award levels for the STIP plan are established annually by Novelis' Human Resources Committee.

Novelis' Human Resources Committee has established the following three components for the 2005 performance awards:

(1) Novelis' performance as measured by its cash flow performance.

(2) Novelis' performance, as measured by economic value added (EVA) performance.

(3) Novelis' performance relative to environment, health and safety, or EHS, objectives.

Of the 2005 incentive opportunity, 50% will be comprised of the cash flow component, 40% will be comprised of the economic value added component and the remaining 10% will be comprised of the EHS component.

Exhibit 10.26

NOVELIS INC.

DEFERRED SHARE UNIT PLAN

FOR

NON-EXECUTIVE DIRECTORS

ADOPTED WITH EFFECT FROM JANUARY 5, 2005

1. PURPOSE AND DEFINITIONS

1.1 Purpose

The purpose of this Plan is to enhance the Company's ability to attract and retain talented individuals to serve as members of the Board of Directors of the Company and to promote a greater alignment of interests between Members and the shareholders of the Company.

1.2 Definitions

Unless the context indicates otherwise, the following terms have the following meanings:

(a) "Account" means a book account maintained by the Company reflecting the Units credited to each Member pursuant to Article 4.1.

(b) "Average Share Price" means the average of the closing sale prices for board lots for the Shares on The Toronto Stock Exchange and for record lots for the Shares as reported on the New York Stork Exchange - Consolidated Trading, on each day during the last five trading days prior to the date on which Units are awarded with respect to a Quarter pursuant to Articles 4.1.1 and 4.1.2, the dividend declaration date (pursuant to Article 4.1.3) or the redemption date (pursuant to Articles 4.2, 4.3 and 4.4, as applicable), any currency conversion being made at the Bank of Canada noon rate of exchange on the relevant day.

(c) "Board" means the board of directors of the Company.

(d) "Committee" means any committee of the Board and any successor committee (and includes the Human Resources Committee).

(e) "Company" means Novelis Inc. and any successor corporation whether by amalgamation, merger or otherwise.

(f) "Director" means a director of the Company.

(g) "Employee" means an employee (otherwise than in the capacity of a director) of the Company or of any company in which the Company holds more than fifty percent of the outstanding voting shares.

(h) "Director's Annual Remuneration" means all amounts payable to a Non-Executive Director by the Company in respect of the services provided to the Company by the Non-Executive Director in a calendar year.

(i) "Member" means an individual who joins the Plan in accordance with Article 3.

(j) "Non-Executive Director" means a Director of the Company who is not an Employee.

(k) "Human Resources Committee" means the Human Resources Committee of the Board and any successor committee.

(l) "Plan" means this Novelis Inc. Deferred Share Unit Plan for Non-Executive Directors, as amended by the Board from time to time.

(m) "Quarter" means a period of three consecutive calendar months commencing on the first day of the months of January, April, July or October, as the case may be.

(n) "Retirement Date" means the date on which a Member ceases to be a Director (subject to Article 4.5).

(o) "Secretary" means the Secretary of the Company.

(p) "Share" means a common share of the Company.

(q) "Spouse" means the person, who, on the day preceding the death of a Member, is the person who has been designated in accordance with Article 5.1 of the Plan and who is legally married to the Member or, in the event the Member is not married, the person who qualifies as a spouse under the laws applying to the Plan.

(r) "Unit" means a unit of measurement for record-keeping purposes under the Plan, and shall include fractional units.

2. CONSTRUCTION AND INTERPRETATION

2.1 The effective date of the Plan shall be January 5, 2005.

2.2 The Plan shall be governed and interpreted in accordance with the laws of the Province of Ontario and the applicable laws of Canada.

2.3 If any provision of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

2.4 Headings are for reference purposes only and do not limit or extend the meaning of the provisions of the Plan.

2.5 References to the masculine include the feminine; references to the singular shall include the plural and vice versa.

3. ELIGIBILITY MEMBERSHIP AND RETIREMENT

3.1 Every person who is a Non-Executive Director on January 5, 2005 shall be eligible to become a Member as of that date.

3.2 Every person who becomes a Non-Executive Director after January 5, 2005 shall be eligible to become a Member as of the date he becomes such a Director.

3.3 Upon becoming eligible to become a Member, the Director shall signify his intention of becoming a Member by signing a form prescribed for this purpose and delivering it to the Secretary. Membership in the Plan becomes effective upon receipt by the Secretary of such duly executed prescribed form.

3.4 Subject to Article 4.5, a Member shall be deemed to retire on the date he ceases to be a Director.

3.5 Nothing herein shall be deemed to give any Member the right to be retained as a Director of the Company.

4. BENEFITS

4.1 Calculation of Benefits

4.1.1 Annual Compensation of Non-Executive Directors

Effective January 5, 2005, each Member will receive his Director's Annual Remuneration payable quarterly for the Quarter commencing January 5, 2005 and for each subsequent Quarter as follows:

(a) 50% in Units; and

(b) 50% in Units or cash, as elected by the Member pursuant to Article 4.1.2

Notwithstanding the provisions set out above in this Article 4.1.1, the Human Resources Committee shall have the right, in its sole discretion, to require payment of a Member's Director's Annual Remuneration solely in cash or Units or a combination of cash and Units as determined by the Human Resources Committee.

Units granted to a Member pursuant to this Article 4.1.1 or Article 4.1.2 shall be credited to the Member's Account on the first day following the end of every applicable Quarter. The portion of Director's Annual Remuneration payable in cash in respect of a Quarter pursuant to this Article 4.1.1 shall be paid as soon as practicable after the last day of the applicable Quarter.

The number of Units (including fractional Units) to be credited on each of the dates prescribed in this Article 4.1.1 shall be determined by dividing the amount of the Director's Annual Remuneration to be satisfied by Units on such date by the Average Share Price on such date.

Any currency conversion required for the purposes of this Article 4.1 shall be made at the Bank of Canada noon rate of exchange on the relevant day.

4.1.2 Election to Receive Units

To elect a form or forms of payment of Director's Annual Remuneration pursuant to Article 4.1.1(b) for the year in which this Plan becomes effective, the Member shall complete and deliver to the Secretary an initial written election by no later than 15 business days before the last day of the Quarter commencing on or immediately after the effective date of this Plan, respecting the Director's Annual Remuneration payable for such Quarter and the remaining Quarters for that year. To elect a change in the form of payment of Director's Annual Remuneration for subsequent years, the Member shall complete and deliver to the Secretary a new written election by no later than the last business day of the year preceding the first year in which the Director's Annual Remuneration to which such election applies becomes payable. The Member's election under this Article 4.1.2 should be in a form prescribed by the Human Resources Committee and shall designate the percentage of his Director's Annual Remuneration that is (i) to be satisfied by Units, and (ii) to be paid in cash, such designation to be in whole percentages only.

In the absence of a new election made in accordance with this Article 4.1.2, the Member's election for the latest year with respect to the percentage of the Director's Annual Remuneration that is to be satisfied by Units and paid in cash shall continue to apply to all subsequent Director's Annual Remuneration payments payable pursuant to the Plan until the Member submits another written election in accordance with this Article 4.1.2. An election shall be irrevocable for the year commencing immediately following the date of the election and for any subsequent year unless the Member makes a new election in accordance with this Article 4.1.2 by the last business day of the year immediately prior to the year in respect of which the new election is intended to apply.

If no election is made, and no prior election remains effective, or if the Member does not make an initial election in accordance with this Article 4.1.2, the Member shall be deemed to have elected the Director's Annual Remuneration payable to him pursuant to Article 4.1.1(b) to be paid in cash.

4.1.3 Dividends

In respect of every cash dividend declared on the Shares, each Member's Account will be credited with an additional number of Units, determined as follows:

Units held in each respective Account on dividend declaration date

multiplied by

a dollar amount equal to the dividend declared per Share

divided by

the Average Share Price.

The credit of such additional Units shall be made on the dividend declaration date.

4.1.4 Certain Adjustments

In the event of a reorganization, recapitalization, reclassification, stock split, stock dividend, combination of shares, merger, amalgamation or consolidation, or the sale, conveyance, lease or other transfer by the Company of all or substantially all of the assets of the Company, pursuant to any of which such events the then outstanding Shares are split or combined or changed into, become exchangeable at the holder's election for, or entitle the holder thereof to, other shares of stock, or any similar change in the Shares or other similar event, each Member's Account shall be adjusted in an equitable manner to reflect such change or other event. Such adjustment shall be made by the Human Resources Committee and shall be conclusive and binding for all purposes of the Plan. Except as provided for in this Article, Members shall have no other rights as a result of any change in the Shares or of any other event.

For greater certainty, no amount will be paid to, or in respect of, a Member under the Plan or pursuant to any other arrangement, and no additional Units will be granted to such Member to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Member for such purpose.

4.2 Payment of Benefits on Retirement

4.2.1 On a Member's Retirement Date, the Member will be able to redeem the Units credited to his Account by filing a written notice of redemption with the Secretary, specifying a redemption date of at least 5 business days from the delivery of the said notice to the Company but no later than 15 December of the first calendar year commencing after the Director's

Retirement Date. The Units credited to such Member's Account will then be multiplied by the Average Share Price on such redemption date. In any event, the payment of the Member's benefits under the Plan will take place no later than 31 December of the first calendar year commencing after the Director's Retirement Date.

If a Member fails to advise the Company of his selection of a redemption date within the above-mentioned period, the redemption date shall be considered to be 15 December of the first calendar year commencing after the Director's Retirement Date.

4.2.2 The value of the redeemed Units shall be paid by the Company to the Member as soon as possible after the determination of the redemption date and the deduction of appropriate taxes and other required withholdings (if any), at the Member's option, in either:

(a) cash,

(b) Shares, or

(c) a combination thereof.

In the case of a payment in Shares, the Company will purchase the Shares on the open market, through a broker, on behalf of the Member. If, after the broker applies the value of a Member's Units to the purchase of whole Shares as provided in this Article 4.2.2, an amount remains payable under the Plan in respect of a Member, the Company shall pay such amount in cash, net of applicable withholdings, to the Member or the Member's spouse or legal representative, as applicable.

4.3 Benefits Before Retirement

4.3.1 Death

In the event of death of a Member prior to the Retirement Date, the Spouse of such Member, or where there is no surviving Spouse, the Member's legal representative, shall be able to redeem the Units credited to the Member's Account by filing a written notice of redemption with the Secretary, specifying a redemption date of at least 5 business days from the delivery of the said notice to the Company but no later than 15 December of the first calendar year commencing after the death of the Member. The same conditions of payment will then apply to the Spouse (or the Member's legal representative, as the case may be) as they would have applied to the Member had he retired on that date.

4.4 Death After Retirement

In the event that a Member dies after the Retirement Date, the Spouse of such Member, or where there is no surviving Spouse the Member's legal representative, shall, provided the Member had not already done so, be able to redeem the Units credited to the Member's Account by filing a written notice of redemption with the Secretary, specifying a redemption date of at least 5 business days from the delivery of the said notice to the Company but no later than 15 December of the first calendar year commencing after the death of the Member. The same conditions of payment will then apply to the Spouse (or the Member's legal representative, as the case may be) as they would have applied to the Member.

4.5 Suspension of Benefits upon becoming an Employee

4.5.1 Director becoming an Employee

If a Member becomes an Employee but continues to be a Director, his membership in the Plan shall be suspended effective the date of the commencement of his employment and shall resume upon termination of such employment.

If prior to the termination of his employment, such Employee Director ceases to be a Director, such Member will be deemed to retire on the date he ceases to be an Employee.

4.6 Taxes

All benefits paid under the Plan or in respect of a Member who is not a resident of Canada to the extent attributable to services performed in Canada are subject to applicable tax legislation.

4.7 Currency

4.7.1 Unless Article 4.7.2 applies, all benefits under the Plan shall be determined in the same currency as the Director's Annual Remuneration.

4.7.2 A Member or his Spouse, or where there is no surviving Spouse the Member's legal representative, may request the Company to pay his benefits in a currency other than the designated currency under Article 4.7.1, in which event the currency conversion shall be made at the Bank of Canada noon rate of exchange on the day preceding the date of payment.

5. BENEFICIARIES AND CLAIMS FOR BENEFITS

5.1 Every Member, upon becoming a Member, shall advise the Secretary in writing of the name and address of his Spouse on a prescribed form. Every Member shall advise the Company of any change in such information.

5.2 In the event of death of a Member and provided that there is a surviving Spouse, the benefits under the Plan shall only be paid to the Spouse of such Member as named on the latest filing on the prescribed form which has been delivered to the Secretary. Where there is no surviving Spouse, the benefits under the Plan shall be paid to the Member's legal representative pursuant to Articles 4.3 and 4.4.

6. ADMINISTRATION

6.1 Unless otherwise determined by the Board, the Plan shall remain an unfunded obligation of the Company and all benefits payable to or in respect of Members under the Plan represent merely unfunded, unsecured promises of the Company to pay a sum of money to the Members in the future.

6.2 The Plan shall be administered by the Human Resources Committee and any question regarding the proper administration of the Plan or the construction of any term of the Plan shall be resolved by the Human Resources Committee, in its sole discretion.

6.3 The Plan may be amended or terminated at any time by the Board, except as to rights already accrued hereunder by the Members. Notwithstanding the foregoing, any amendment or termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Income Tax Act (Canada) or any successor to such provision.

6.4 For the purpose of the above Article 6.3, the accrued right in respect of a Member prior to his Retirement Date shall be a right to receive benefits in accordance with the terms of the Plan up to but excluding the date of the amendment or termination of the Plan.

6.5 The Company shall keep accurate and detailed records of all transactions for all Accounts and provide quarterly benefit statements to Members.

6.6 All expenses associated with the establishment, maintenance and termination of this Plan shall be borne by the Company.

7. NON-ALIENATION

7.1 Except as provided for herein, no transfer by a Member of any right to any payment or benefit under the Plan, whether voluntary or involuntary, by operation of law or otherwise, and whether by means of alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge or encumbrance of any kind, shall vest the transferee with any interest or right, and any attempt to so alienate, sell, transfer, pledge, attach, charge or otherwise encumber any such amount, whether presently or thereafter payable shall be void and of no force or effect.

[LOGO NOVELIS]

Exhibit 10.27

PERSONAL & CONFIDENTIAL

Dear Jack,

Further to our recent discussions, this is to confirm to you the terms of the expatriate offer for the position of President, Novelis Asia. You will be located in Seoul, Republic of Korea, and you will report to me.

The terms and conditions of this expatriate assignment are as follows:

1. STARTING DATE AND DURATION

The effective date of your appointment is January 1, 2005, and is contingent upon successful completion of the spin-off and creation of Novelis Inc.

The anticipated duration of this assignment is one to two years. Actual duration will be reviewed annually.

2. STATUS OF EMPLOYMENT

You will be an employee of and paid by Novelis Corporation. Your status is that of an employee of Novelis Corporation seconded to Novelis Korea Limited. U.S. laws provide that a U.S. employee may remain outside of the United States for an extended term and yet retain participation in a number of the Novelis Corporation Benefit Plans and the U.S. Social Security system.

However, in order to maintain your participation in these plans, it is essential that Novelis Corporation retain certain customary employee management rights as your employer during your secondment. There is no reason why in practice this retention of rights in Novelis Corporation should in any way interfere with your ability to work loyally and effectively for Novelis Korea Limited.

Within the context of Novelis Corporation's Policy on International Assignments, your status is defined as being that of a U.S. based expatriate on assignment in the Republic of Korea.

3. COMPENSATION PACKAGE

Your base compensation and benefits package is designed to provide you with a level of income and benefits which are similar to those you would have received in the U.S.A. in a similar position.

(a) POSITION GRADE
The Position Grade is Grade 47.

(b) HOME BASE SALARY
Your home base salary will be US$ 277,000.00 per annum.

Your home base salary will be subject to review periodically in accordance with Novelis Corporation's salary administration practices in the U.S.A.

(c) EXPATRIATE PREMIUM
You will receive an Expatriate Premium, which is 10% of your Home Base Salary, net after tax per annum. This premium will be adjusted as and when your Home Base Salary is adjusted.

(d) LOCATION ALLOWANCE
You will receive a Location Allowance, which is 10% of your Home Base Salary, net after tax per annum. This premium will be adjusted as and when your Home Base Salary is adjusted.

(e) EXECUTIVE PERFORMANCE AWARD PLAN EPA
You will continue to participate in the Executive Performance Award (EPA) Plan consistent with your new Job Grade 47, which is currently 55%.

(f) NOVELIS CORPORATION LONG TERM INCENTIVE
You will continue to be eligible for annual Long Term Incentive at Job Grade 47. The delivery method for the Novelis Corporation Long Term Incentive will be developed in 2005. The details of the Novelis Corporation's Long Term Incentive program will be communicated when they become available. The explanation of the conversion methodology for both your Alcan Stock Options and your Alcan TSR awards will be sent to you separately.

(g) FLEXIBLE PERQUISITES PROGRAM
As an employee on the expatriate program you will not participate in the Novelis Flexible Perquisites Program.

(h) DEFERRED COMPENSATION PROGRAM
Alcan will maintain your deferred compensation account and be subject to the elections that you made. Given the nature of this plan, there is no plan to create a deferred compensation plan within Novelis Corporation at the point of the spin-off. This will be reviewed in due course.

(i) METHOD OF SALARY PAYMENT
Your salary will be paid to you by Novelis Corporation.

(j) ALCAN SAVINGS PLAN
You will be eligible to continue your active participation in the Alcancorp Employee Savings Plan on the compensation paid by Novelis Corporation. You will be able to join the Novelis Corporation Savings Plan when it is created.

(k) GOODS AND SERVICES ADJUSTMENT
You will receive an allowance or have a deduction made, as the case may be, to compensate for the differences in relative costs of goods and services between Seoul, Republic of Korea and the U.S.A. This allowance, or deduction, will vary from time to time.

(L) EXPATRIATE COMPENSATION STATEMENT (ECS)
Attached is your Expatriate Compensation Statement, which reflects the current data. It is sent to you in order that you may understand the composition of your compensation package. The Expatriate Compensation Statement will be updated from time to time as conditions change. These adjustments will be made based on data supplied from our consultant (ORC).

4. RETIREMENT BASE

The U.S.A. is designated as your Retirement Base.

5. PENSION

As an employee of Novelis Corporation, you will continue to participate in the Alcancorp Pension Plan during the 2005 transition year. You will be eligible to join the new Novelis Corporation Pension Plan in 2006. You will not be eligible to join the pension and related benefit plans of Korea.

6. LIFE AND BUSINESS TRAVEL ACCIDENT INSURANCE

During your assignment, you will continue to be covered by the Novelis Life Insurance and Business Travel Accident Plans. You may continue to purchase optional and dependent life insurance.

Annual adjustments to your coverage and resulting contribution changes will take into consideration any salary adjustment you might receive during your assignment.

7. LONG-TERM DISABILITY

You will also maintain coverage under the Novelis Long Term Disability Plan. The provisions of that plan are explained in the Alcancorp benefits handbook, Moving Toward Tomorrow, a copy of which you already have. The cost of this program is borne by the company.

8. SOCIAL SECURITY

You will continue to participate in the United States Social Security System. If required to make contributions to Korean Social Security, these funds will be reimbursed to you.

9. MEDICAL AND DENTAL INSURANCE

You will continue to be covered for medical and dental insurance under Novelis' plans for expatriates. In addition, services of S.O.S., an independent contract firm which provides emergency medical advice, referral and if necessary medical evacuation will continue.

10. AUTOMOBILE

Novelis Korea Limited will continue to provide you with a company car for your business and personal use. In line with practice in the Republic of Korea, you will also be provided with the services of a company driver for your business and personal use, with priority given to business requirements.

12. LEAVE

(a) VACATION

Your entitlement will continue according to the Novelis schedule.

(b) HOME LEAVE

The United States is designated as your Home Leave base.

(c) TRAVEL COSTS

Home leaves will be granted for the duration of this assignment. You and/or your wife will be entitled to claim a combined maximum of three (3) round trip business class airfare tickets per 12 month period (June 1- May 31) between Seoul and the U.S.A. The cost of the airfares will be for the Company's account. All other incidental expenses incurred during any home leave trip will be for your account.

13. HOUSING

UNITED STATES
Since you utilized the Company provided assistance with the sale of your house in Cleveland, you will continue to have the discounted ORC housing charge of $15,000 per year included in your ECS for the term of this assignment.

SEOUL
The cost of appropriate fully furnished accommodations, including utilities, in Korea will be born by Novelis Korea Limited for your use for the term of the assignment.

14. SPORTS/SOCIAL CLUB

The cost of joining and maintaining a family membership in one sports/social club in Seoul will be for Novelis Korea Limited account. Expenses incurred at the club, other than those that are for business entertainment will be for your account. This provision is a taxable benefit

and the hypothetical tax cost will also be for Novelis Korea Limited account.

15. PROFESSIONAL ASSISTANCE FOR PREPARATION OF INCOME TAX RETURNS

You will be provided with the services of professional consultants for the preparation of your personal income tax requirements in Korea and the United States. The fees for this service will be for Novelis Korea Limited account. Any tax liabilities you incur in Korea, over and above what you would be required to pay from your regular employment status with Novelis Corporation in the United States will be for the Company's account.

16. COMPASSIONATE LEAVE

In addition to the trips outlined above, should a member of your immediate family not residing with you in Seoul suffer life-threatening illness, injury or death, assistance will be provided to allow you/and your wife to be with the relative or attend to necessary arrangements.

17. CHANGE IN STATUS

Should the duration of this assignment or the position itself change significantly, then certain parts of this letter will have to be re-discussed with you.

18. REPATRIATION TO THE UNITED STATES

Upon completion or termination of this assignment, should there be no mutually agreeable position available at that time within Novelis, you and your wife will be repatriated by the company to the United States. Your employment will be terminated in accordance with the severance policy then in effect in the United States

19. CONTACTS

Mr. Kenneth Grillo will be your contact in Cleveland. Your contact in the Republic of Korea will be Bernie Sanders.

Kindly indicate your acceptance of this offer by signing where indicated below and returning the letter to me. Please make a copy for your file.

/s/ Martha Brooks

Martha Brooks
Chief Operating Officer
Novelis Corporation

Accepted: /s/ John C. Morrison

John C. Morrison

Date:

January 17, 2005

Copies to:

Mr. Kenneth C. Dunn
Mr. David K. Godsell
Mr. Kenneth A. Grillo
Mr. Bernie Sanders

Exhibit 10.28

Date, 2004

Dear .....("Executive"),

This offer of employment represents another truly exciting and historic step along the path in the creation of Novelis Inc. This is, in fact, the first instance where the Alcan and Novelis names and logos have appeared together. As one of the key leaders who will have a direct impact on this new company, I trust you are as enthused as I am about this opportunity. Unlike anything we have been involved with in the past, this is truly a once in a career event, and we need to recognize and capitalize off the fabulous chance that we are being given.

In this letter I will address the specific terms and conditions of your offer, however, there are a few key points that I would like to bring to your attention first. Please recall that it is the fiduciary responsibility of the Alcan Board of Directors to establish the preliminary terms and conditions of employment for Novelis. For the most part, this means that what exists at present within Alcan, in the form of programs and benefits, will continue through the transition from Alcan to Novelis. Following the completion of the spin in 2005, we will be reviewing the full array of employee compensation and benefit offerings to custom fit these to our new business. You will be fully engaged as we go through this process.

For these reasons I will not go through a complete review of those things being cloned or replicated from Alcan, but rather will touch on significant points and those things that involve a change.

POSITION TITLE

I am pleased to confirm the offer of _____with Novelis Inc.

EMPLOYMENT DATE

This offer is obviously predicated on the spin being completed and the creation of Novelis. We continue to believe that this will occur on schedule around year-end. That being the case, this offer would become effective January 1, 2005.

RECOGNITION OF ALCAN SERVICE

Novelis will recognize Alcan and predecessor company service for the purposes of vacation and any other plan where service is used in providing a benefit.

BASE SALARY

Your base salary will be $_____. While your position has yet to be formally evaluated, your compensation will be administered at a personal job grade _____.

EXECUTIVE PERFORMANCE AWARD 2004

Your participation in the 2004 Executive Performance Award plan continues uninterrupted to year-end at your existing Alcan job grade and will be paid out in the same timeframe and manner as you have experienced in the past.

EXECUTIVE PERFORMANCE AWARD 2005

Novelis will institute a short-term incentive program for the 2005 plan year conceptually similar to the existing Alcan plan. It is possible that the financial metrics will be adjusted to better fit the new business. The target guideline for job grade 47 is 55%. More information will be forthcoming on this as it is developed.

TOTAL SHAREHOLDER RETURN (TSR) PERFORMANCE PLAN

Your participation in the Alcan TSR program will be terminated on the date of the spin-off. You will have noted in the 2004 Long Term Incentive (LTI) program, the normal 50% TSR portion was issued in the form of share options.

Discussions continue to determine the most equitable way to handle TSR tranches 1 (2002) and 2 (2003) for the Novelis employees. You will be informed as soon as a final conclusion is reached on this.

Novelis will be instituting a Long Term Incentive Program (LTI) the details of which will require approval of the Board of Directors for the new company. More information about the new program will be shared when information becomes available.

SHARE OPTIONS

Your current Alcan share options will be converted to Novelis share options based on the total value of the Alcan stock options and the time of spin-off. That is, the number of Novelis share options to you will be adjusted to preserve the value of your current Alcan stock options on the date of the spin-off.

(Alternative language:
Since you have Restricted Stock Units (RSUs), you will be receiving a letter on or about December 1, 2004 from Jacqueline Yaw explaining how RSUs will be processed)

U.S. DEFERRED COMPENSATION PLAN

Alcan will maintain your deferred compensation account and be subject to the elections that you made. Given the nature of this plan, there is no plan to create a deferred compensation plan within Novelis at the point of the spin-off. This will be reviewed in due course.

CHANGE IN CONTROL AGREEMENT

A Change in Control Agreement has been prepared for you to relieve any personal uncertainties you may have stemming out of the transaction such that you can focus 100% of your effort on making this venture successful. This agreement will be provided to you under separate cover.

(Alternative language:
SEVERANCE
Given the nature of your role and your relative short service, we have modified your Severance Plan benefit to a twelve-month entitlement. It is payable in the event of your termination for reasons other than cause.)

BENEFIT PLANS

Your participation in the Alcan retirement and health and welfare benefit plans will continue up to the point of spin. Novelis will adopt plans with provisions for the most part identical to those currently in effect within Alcan.

MISCELLANEOUS PLANS

Participation in other plans (e.g. Flexperks, Auto, Executive Physical Exams) will continue as they exist today.

(Alternative language:
REPATRIATION
Should you cease employment with the Company, for whatever reason, prior to receipt of a Permanent Resident Visa (Green Card), you will be repatriated to Canada at the expense of the Company.)

As part of the process I would ask that you sign this offer and return it to me at your earliest convenience. I look forward to the challenges that we will face together and turn into successes.

Yours truly

Chief Executive Officer

Accepted by "Executive" date xx/xx/xx

- ---------- ----------

Exhibit 10.29

SUMMARY OF NOVELIS INC. PENSION PLAN FOR OFFICERS (PPO)

Novelis Inc. ("Novelis") maintains a pension plan for officers or PPO. The Novelis Human Resources Committee designates participants in the PPO. The PPO provides for pensions calculated on service up to 20 years as an officer of Novelis or Alcan. Eligible earnings consist of the excess of the annual average salary and target short term incentive award during the 60 consecutive months when they were the greatest over eligible earnings in the Alcancorp Pension Plan and the Alcan Supplemental Executive Retirement Plan (collectively referred to as the U.S. Plan) or the U.K. Plan, as applicable.

The following table shows the percentage of eligible earnings in the PPO, payable upon normal retirement age after 60 according to years of service as an officer of Novelis or Alcan. The normal form of payment is a lifetime annuity. Pensions are not subject to any deduction for social security or other offset amounts.

Years as Officer			
5	10	15	20
15%	30%	40%	50%

Exhibit 10.30

SUMMARY OF NOVELIS FOUNDERS PERFORMANCE AWARDS

PURPOSES

The purposes of the Novelis Founders Performance Awards (the "Plan") are (i) to promote alignment of key executives with critical new share price targets for Novelis, (ii) to provide a one-time additional compensation opportunity for the key executives who will have the most significant impact on future Novelis share price, and (iii) to align the financial interests of the key executives with the shareholders to create a "win-win" proposition. The key executives selected by Novelis Management and approved by the Human Resources Committee (the "Committee") will participate in the Plan.

AWARDS

The Plan provides for the award of Performance Share Units ("PSUs") if certain Novelis share price improvement targets are achieved within the prescribed time periods. There will be three equal (in number of PSUs) tranches of PSUs and each tranche will have a specific share price improvement target. For the first tranche of PSUs, the target applies for the period March 24, 2005 through March 23, 2008. For the second tranche, the target applies for the period March 24, 2006 through March 23, 2008. For the third tranche, the target applies for the period March 24, 2007 through March 23, 2008.

PSUs are valued on a one-for-one basis with a share of Novelis stock. PSUs that are awarded are paid in cash at the time prescribed by the Plan. The value of the PSUs to be paid will be determined at the time of the payment and will be subject to the changes in the price of Novelis shares (up or down) until payment is made.

If awarded, a particular tranche will be paid on the later of six months from the date of the award or twelve months after the start of the performance period and will be based on the stock price. The price of the PSUs will be the average of the daily closing prices on the NYSE for the last five (5) trading days prior to the payment date. This price can be higher or lower than the share price improvement target based on actual market prices at the time of the payment. The payment will be made in cash and will be subject to required withholding taxes.

Upon the occurrence of a Change of Control Event (as defined in the Separation Agreement relating to Novelis's separation from Alcan), all PSUs awarded prior to the Change of Control Event will be paid.

Upon the occurrence of a termination as the result of retirement, death or disability, all PSUs awarded prior to the termination will be paid at the same time as for active Participants. For all other terminations, all PSUs, whether awarded or not, will be forfeited.

ADMINISTRATION, AMENDMENT AND TERMINATION

The Plan shall be administered by the Committee. The Committee shall have full and complete authority to interpret the Plan and to prescribe such rules and regulations and make such other determinations as it deems necessary or desirable for the administration of the Plan.

The Novelis Board of Directors (the "Board") may at any time and from time to time amend, suspend or terminate the Plan in whole or in part. No such amendment, suspension or termination may, without the consent of the Participant to whom PSUs have been awarded, adversely affect the rights of such Participant with regard to those awarded PSUs.

.
.
.

Exhibit 21.1

NOVELIS INC.

NAME OF ENTITY	JURISDICTION OF ORGANIZATION
Novelis Corporation	Texas, United States
Novelis de Mexico S.A. de C.V.	Mexico
Novelis PAE Corporation	Delaware, United States
Logan Aluminum Inc.	Delaware, United States
Eurofoil Inc. (USA)	New York, United States
Euronorca Partners	New York, United States
Novelis A.G.	Switzerland
Novelis Switzerland S.A.	Switzerland
Novelis Technology A.G.	Switzerland
Novelis Italy s.r.l.	Italy
Novelis Europe Holdings, Ltd.	United Kingdom
Novelis Aluminium Holdings Company	Ireland
Novelis Benelux NV	Belgium
Novelis Deutschland GmbH	Germany
Aluminium Norf GmbH	Germany
Isytec GmbH	Germany
Alcan Aluminium Beteiligungsgesellschaft mbH	Germany
Novelis UK Ltd.	United Kingdom
Novelis Luxembourg Participations S.A.	Luxembourg
Novelis Automotive UK Ltd.	United Kingdom
Novelis Luxembourg S.A.	Luxembourg
Novelis Belgique S.A.	Belgium
Novelis Foil France	France
Novelis Sweden AB	Sweden
Novelis Lamines France	France
Novelis PAE	France
Novelis Specialites France	France
4260848 Canada Inc.	Canada
4260856 Canada Inc.	Canada
Novelis Korea Ltd.	South Korea
Aluminum Company of Malaysia Berhad	Malaysia
Al Dotcom Sdn Berhad	Malaysia
Alcom Aluminum Service Sdn Berhad	Malaysia
Jen Wu Machinery Sdn Berhad	Malaysia
Alcom Nikkei Special Coatings Sdn Berhad	Malaysia
Novelis do Brasil Ltda	Brazil
Consorcio Candonga (unincorporated joint venture)	Brazil
Novelis Cast House Technology Ltd.	Canada

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 333-122028 and 333-122025) of Novelis Inc. of our report dated March 24, 2005 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

Montreal, Quebec, Canada
March 30, 2005

EXHIBIT 31.1

CERTIFICATIONS

I, Brian W. Sturgell, Chief Executive Officer of Novelis Inc. ("Novelis"), certify that:

1. I have reviewed this annual report on Form 10-K of 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)) 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) 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

c) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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/ Brian W. Sturgell

Brian W. Sturgell
Chief Executive Officer

Date: March 23, 2005

EXHIBIT 31.2

CERTIFICATION

I, Geoffrey P. Batt, Chief Financial Officer of Novelis Inc. ("Novelis"), certify that:

1. I have reviewed this annual report on Form 10-K of 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)) 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) 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

c) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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/ Geoffrey P. Batt

Geoffrey P. Batt
Chief Financial Officer

Date: March 23, 2005

EXHIBIT 32.1

CERTIFICATION

Pursuant to 18 U.S.C. sec. 1350, the undersigned officer of Novelis Inc. (the "Company"), hereby certifies that the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (the "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 the Company.

Date: March 23, 2005

/s/ Brian W. Sturgell

Brian W. Sturgell
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.

EXHIBIT 32.2

CERTIFICATION

Pursuant to 18 U.S.C. sec. 1350, the undersigned officer of Novelis Inc. (the "Company"), hereby certifies that the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (the "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 the Company.

Date: March 23, 2005

/s/ Geoffrey P. Batt

Geoffrey P. Batt
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND MARKET DATA

This Annual Report contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about the industry in which we operate and beliefs and assumptions made by our management. Such statements include, in particular, statements about our plans, strategies and prospects. Words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate," and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking 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.

All market position data relating to our company is based on information from Commodity Research Unit International Limited, or CRU, and management estimates. This information and these estimates reflect various assumptions and are not independently verified. Therefore, they should be considered in this context. 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, data concerning production capacity, product shipments and share of production. Actual market results may differ from those predicted. While we do not know what impact any of these differences may have on our business, our results of operations, financial condition and the market price of our securities may be materially adversely affected. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things:

- our separation from Alcan;
- the level of our indebtedness and our ability to generate cash following the separation;
- relationships with, and financial and operating conditions of, our customers and suppliers;
- changes in the prices and availability of raw materials we use;
- 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;
- 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;
- cyclical demand and pricing within the principal markets for our products as well as seasonality in certain of our customers' industries; and
- changes in government regulations, particularly those affecting environmental, health or safety compliance.

The above list of factors is not exclusive. Some of these and other factors are discussed in more detail in our Annual Report on Form 10-K filed with the Securities and Exchange Commission under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Risk Factors."

The following information should be read together with the selected combined financial data and our combined financial statements and accompanying notes, included elsewhere in this Annual Report, for a more complete understanding of our financial condition and results of operations.

OVERVIEW

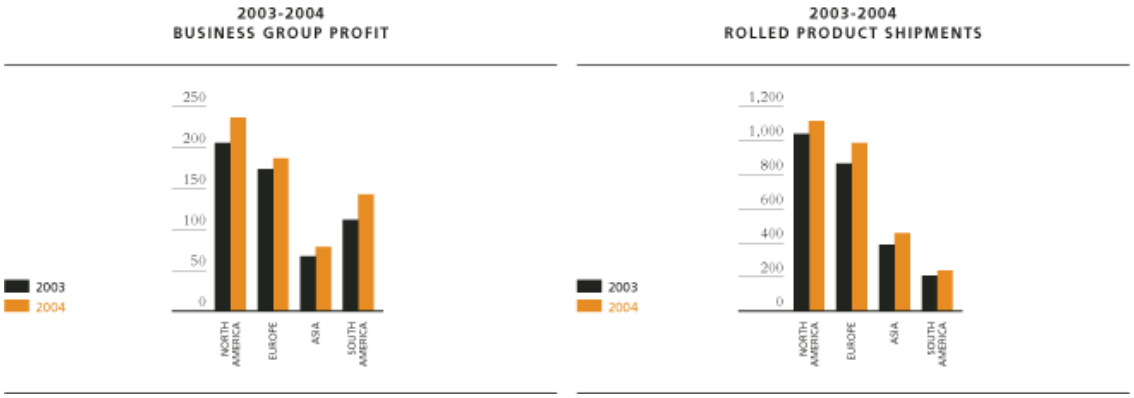
We are the world's leading aluminum rolled products producer based on shipment volume in 2004, with total aluminum rolled products shipments of 2,785 kilotonnes during that year. In 2004, we were the largest aluminum rolled products producer in terms of shipments in each of Europe, South America and Asia-Pacific, and we were the second largest in North America. With operations on four continents comprised of 37 operating facilities in 12 countries, we are the only company of our size and scope focused solely on aluminum rolled products markets and capable of local supply of technically sophisticated products in all of these geographic regions. We had sales and operating revenues of $7.8 billion in 2004.

The following table sets forth our key financial and operating data for the fiscal years ended December 31, 2004, 2003, and 2002.

Years Ended December 31	**2004**	2003	2002
(in millions of US$)			
Sales and operating revenues	**$ 7,755**	$ 6,221	$ 5,893
BGP/Segment Income (i)			
Novelis North America	**237**	206	277
Novelis Europe	**188**	173	130
Novelis Asia	**79**	68	35
Novelis South America	**143**	112	90
Income (loss) before cumulative effect of accounting change	**55**	157	75
Rolled products shipments (ii) (kt)	**2,785**	2,491	2,479
Total assets	**$ 5,954**	$ 6,316	$ 4,558

(i) Business Group Profit (BGP) or Segment Income is the measure of operating segment profitability historically used by Alcan. BGP comprises earnings before interest, income taxes, minority interests, depreciation and amortization and excludes certain items, such as corporate costs, restructuring, impairment and other special charges, pension actuarial gains, losses and other adjustments, and mark-to-market adjustments on derivatives, that are not under the control of our business groups or are not considered in the measurement of their profitability. These items have historically been managed by Alcan's corporate head office, which focuses on strategy development and oversees governance, policy, legal, compliance, human resources and finance matters. BGP also includes our proportionate share of unconsolidated joint ventures as they are managed within each operating segment. Refer to note 26 of the combined financial statements for a reconciliation to net income for the years ended December 31, 2004, 2003, and 2002.

(ii) Includes conversion of customer-owned metal (tolling).



HIGHLIGHTS

Since 2002, our shipments and operating profitability have improved. Demand growth in Asia, and our own significant production increases in that region, and market share gains in the challenging South American market have all benefited our shipment volumes. These gains offset the impact of soft market conditions in Europe in 2002 and 2003. During 2004, our rolled products shipments increased by 12% over 2003, assisted by continued growth in Asia, the recovery in the North American economies and the addition of four rolling operations in Europe as a result of Alcan's acquisition of Pechiney. However, the continuing sluggish economic environment in Europe and the impact of a strengthening euro have kept shipments and margins under pressure in that region. This has largely offset much of the benefits that arise from a strong euro when translating our euro financial results into U.S. dollars.

We use an integrated business system to manage our business. The core components of this system ensure that the same focus on value, improvement and environment, health and safety is found in each of our operations, regardless of geographical location. This has enabled us to achieve quality, cost and productivity improvements, optimize our product portfolio and strengthen our execution capabilities. It has also enabled us to improve our capital efficiency. Since 2002, we have held our capital expenditures below depreciation while at the same time improving our business. We have also achieved cash flow gains through the strict management of our operating working capital, which is defined as current assets, excluding cash and time deposits and short-term loans receivable, less current liabilities, excluding short-term borrowings and debt maturing within one year.

As a separate company, we are focused on aluminum rolled products, which we believe will enable us to respond more quickly to market demands and maximize the efficient allocation of our capital, technical and human resources. As a separate company, we are also able to provide incentives to our management and employees that more closely align their interests with the performance of our aluminum rolled products business.

Our separation from Alcan occurred on January 6, 2005, and therefore our businesses were included in Alcan's results of operations for the year ended December 31, 2004.

SEPARATION FROM ALCAN

We were formed as a Canadian corporation on September 21, 2004. On January 6, 2005, we acquired substantially all of the aluminum rolled products businesses operated by Alcan prior to its 2003 acquisition of Pechiney. In addition to those businesses, we acquired certain alumina and primary metal-related assets in Brazil formerly owned by Alcan and four former Pechiney rolling facilities in Europe.

We estimate that approximately $112 million in costs, fees and expenses were incurred in relation to our separation from Alcan. These costs, fees and expenses were primarily related to financing fees, legal separation matters, professional expenses, taxes and costs of producing, printing, mailing and otherwise distributing materials in connection with our recent financing transactions and other shareholder communications. All these costs, fees and expenses were paid by Alcan. Of the total debt issuance costs of $72 million, $60 million will be recorded in Deferred charges and other assets in 2005 and amortized over the life of the borrowings, while the balance of $12 million will be expensed in Other expenses (income) – net in the first quarter of 2005. The remaining costs, fees and expenses of $40 million related to our separation from Alcan were allocated proportionately to Novelis, with our share of $9 million included in selling, general and administrative expenses in the fourth quarter of 2004.

Basis of Presentation

Our combined financial statements, which are discussed below, reflect the historical financial position, results of operations and cash flows of the businesses that were transferred to us by Alcan as part of the reorganization transactions. The net assets of the four Pechiney plants that were transferred to us, initially acquired by Alcan in December 2003, are included in our combined financial statements as at December 31, 2003, and their results of operations and cash flows are included beginning January 1, 2004. The financial information discussed below and included elsewhere in this Annual Report may not necessarily reflect what our financial position, results of operations and cash flows will be in the future or would have been had we been a stand-alone company during the periods presented. Because prior to the separation a direct ownership relationship did not exist among all of our various units and because we did not constitute a separate legal entity, Alcan's net investment in our company is shown in lieu of shareholders' equity in the historical combined financial statements. Similarly, as we did not operate as a single entity or within a structure with a single parent company, we do not show dividends paid, other than to minority interests, in our historical combined financial results.

The combined financial statements presented in this Annual Report include allocations of Alcan's expenses, assets and liabilities, including the items described below.

General Corporate Expenses

Alcan historically performed various corporate functions for us. Allocations for general corporate expenses are reflected in selling, general and administrative expenses in our combined statements of income. The general corporate expenses allocation is primarily for human resources, legal, treasury, insurance, finance, internal audit, strategy and public affairs and amounted to $34 million, $24 million and $28 million for the years ended December 31, 2004, 2003, and 2002, respectively. Total head office costs, including the amounts allocated, amounted to $54 million, $42 million and $47 million for the years ended December 31, 2004, 2003, and 2002, respectively. Allocations were made based on the average head count and capital employed for the periods reported. Capital employed represents total assets less payables and accrued liabilities and deferred credits and other liabilities. The costs allocated are not necessarily indicative of the costs that would have been incurred had we performed these functions as a stand-alone company, nor are they necessarily indicative of costs that will be charged or incurred in the future. Following the separation, we will perform these functions using our own resources or purchased services; however, for an interim period, some of these functions will continue to be provided by Alcan under the transitional services agreement. We estimate that, as an independent company, we will need to incur additional expenses of approximately $5 to $10 million per year, based on total head office expenses in 2004 for certain of these services. As an independent company, we will incur additional head office costs for human resources, treasury, legal, insurance, finance, internal audit and other services, such that we estimate that our total general corporate expenses will be approximately $60 million for 2005. Refer to note 2 of the combined financial statements presented in this Annual Report.

Retirement Plans and Other Post-retirement Benefit Plans

Our employees have been covered under Alcan's pension plans and other post-retirement benefit plans. Our combined financial statements include allocations for expenses attributed to our employees' participation in these plans.

Certain entities within our company have pension obligations, mostly comprised of defined benefit plans in the United States and the United Kingdom, unfunded pension benefits in Germany and lump sum indemnities payable to employees of our businesses in France, Korea and Malaysia upon retirement. These pension benefits are managed separately and the related assets, liabilities and costs are included in our combined financial statements.

Alcan manages defined benefit plans in Canada, the United States, the United Kingdom and Switzerland that cover some of the entities within our company. Our share of these plans' assets and liabilities is not included in our combined balance sheets. The combined statements of income, however, include an allocation of the costs of the plans that varies depending on whether the entity is a subsidiary or a division of Alcan. Pension costs of divisions of Alcan included in our businesses are allocated based on the following methods: service costs were allocated based on a percentage of payroll costs; interest costs, the expected return on assets and amortization of actuarial gains and losses were allocated based on a percentage of the projected benefit obligation; and prior service costs were allocated based on headcount. Pension costs of subsidiaries of Alcan included in our businesses are accounted for on the same basis as a multi-employer pension plan whereby the subsidiaries' contributions for the period are recognized as net periodic pension cost.

Alcan provides post-retirement benefits in the form of unfunded healthcare and life insurance benefits to retired employees in Canada and the United States that include retired employees of some of our businesses. Our share of these plans'liabilities is included in our combined balance sheets and our share of these plans' costs is included in our combined statements of income.

Income Taxes

Our income tax expense has been recorded as if we filed separate tax returns from Alcan, notwithstanding that some of our operations were historically included in the consolidated income tax returns filed by Alcan and that most of the related income taxes were paid by Alcan. Income taxes are calculated as if all of the entities within our company had been separate tax paying legal entities, each filing a separate tax return in its local tax jurisdiction. For jurisdictions where there is no tax sharing agreement, amounts currently payable have been included in the owner's net investment line in our combined balance sheets.

Alcan managed its tax position for the benefit of its entire portfolio of businesses and its tax strategies are not necessarily consistent with the tax strategies that we would have followed or will follow as a stand-alone company. As a result, our effective tax rate as a stand-alone entity may differ significantly from those prevailing in historical periods.

Cash

Historically, Alcan provided cash management services for certain of our businesses, primarily in North America, the United Kingdom, and parts of Europe to optimize efficient pooling of funds. Cash deposits from these businesses are transferred to Alcan on a regular basis. As a result, none of Alcan's cash and cash equivalents has been allocated to us in our combined financial statements. Transfers to and from Alcan are netted against the owner's net investment in our combined balance sheets. Cash and cash equivalents in our combined balance sheets are comprised of only the cash and cash equivalents of our businesses, primarily in South America, Asia and parts of Europe, that perform their own cash management functions. Following the separation, we are responsible for our own cash management functions.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2004 COMPARED TO THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE YEAR ENDED DECEMBER 31, 2003 COMPARED TO THE YEAR ENDED DECEMBER 31, 2002

The following discussion and analysis is based on our audited combined statements of income and combined balance sheets, which reflect our operations for the years ended December 31, 2004, 2003 and 2002, as prepared in conformity with U.S. GAAP.

The table below sets forth the contribution of each end-use market and third party ingot sales to our total sales and operating revenues for the years ended December 31, 2004, 2003 and 2002 (based on management estimates).

Years ended December 31	**2004**	2003	2002
Contribution to Novelis sales and operating revenues			
Beverage/food cans	**36%**	35%	38%
Construction and industrial	**24**	28	28
Foil products	**21**	15	14
Transportation	**15**	16	15
Ingot	**4**	6	5
Total	**100%**	100%	100%

Results of Operations

Our net income for 2004 was $55 million compared to $157 million in 2003 and a loss of $9 million in 2002. The principal factors contributing to the decline in 2004 were the after-tax restructuring and asset impairment charges in Europe of $18 million, a separate asset impairment charge of $65 million in Italy as well as a tax provision of $21 million and $12 million in costs both related to our start-up and our separation from Alcan, and a foreign currency balance sheet translation loss of $15 million. Other factors that negatively impacted 2004 net income were the $24 million (pre-tax) increase in depreciation and amortization and the $34 million (pre-tax) increase in interest expense from the comparable year-ago period. Foreign currency balance sheet translation effects, which are primarily non-cash in nature, arise from translating monetary items (principally deferred income taxes, operating working capital and long-term liabilities) denominated in Canadian dollars and Brazilian real into U.S. dollars for reporting purposes. The translation loss in 2004 reflected the significant weakening of the U.S. dollar against the Canadian dollar and Brazilian real.

The negative impact on net income from these items was partially offset by the improvement in rolled product shipment volume, which increased 12% over the corresponding period in 2003. The increase was in response to strengthening market conditions in Asia and North America and market share improvements in South America. The four Pechiney foil plants contributed 4% to shipments for the year. The recovery in market price spreads between recycled and primary metal and the positive impact of the strengthening euro when translating local currency profits into U.S. dollars also provided a positive improvement to net income. Additionally, pre-tax mark-to-market gains on derivatives increased by $49 million in 2004.

Included in our net income for 2003 was a foreign currency balance sheet translation loss of $26 million. Other significant items were after-tax gains of $26 million ($30 million pre-tax) on the sale of non-core businesses in Italy, the United Kingdom and Malaysia and an after-tax environmental charge of $18 million ($30 million pre-tax) related mainly to a site in the United States as well as positive tax adjustments totaling $24 million. Our results of operations for 2003 also included after-tax mark-to-market gains on derivatives of $11 million ($20 million pre-tax).

The improvement in our income before the cumulative effect of an accounting change, for 2003 as compared to 2002 was made up equally from the realization of tax benefits on previously unrecorded tax losses carried forward and the difference in restructuring, impairment and other special charges. In addition, our continued focus on cost and productivity improvements and the positive impact of the stronger euro in translating local currency results more than offset the negative effects of foreign currency balance sheet translation losses, discussed above, and higher costs for recycled metal, pensions and energy.

Results for 2002 included a non-cash charge of $84 million that resulted from the adoption of SFAS No. 142, Goodwill and Other Intangible Assets, as we identified an impairment of goodwill as of January 1, 2002 which was charged to income as a cumulative effect of an accounting change upon adoption of the new accounting standard. You should read note 4 of the combined financial statements for further information on SFAS No. 142. Our income before the cumulative effect of an accounting change for 2002 was $75 million. Included in our results for the year was a foreign currency balance sheet translation gain of $6 million and a $7 million after-tax ($9 million pre-tax) mark-to-market gain on derivatives. Other significant items included an after-tax charge of $23 million ($44 million pre-tax) for a transfer pricing adjustment related to prior years, an after-tax charge of $13 million ($14 million pre-tax) related to asset impairments and an after-tax charge of $7 million ($11 million pre-tax) for restructuring charges, both of which related to the 2001 restructuring program.

Sales and Operating Revenues and Shipments

The table below sets forth information relating to our sales and operating revenues and shipments for the years ended December 31, 2004, 2003, and 2002.

Years ended December 31	% CHANGE 2004 VS 2003	% CHANGE 2003 VS 2002	**2004**	2003	2002
(in millions of US$, except where indicated)					
Sales and operating revenues	25%	6%	**$ 7,755**	$ 6,221	$ 5,893
Rolled products shipments (i) (kt)	12	–	**2,785**	2,491	2,479
Ingot products shipments (ii) (kt)	(19)%	24%	**234**	290	234

(i) Includes conversion of customer-owned metal (tolling).

(ii) Includes primary and secondary ingot and recyclable aluminum.

Our sales and operating revenues were $7.8 billion for the year ended December 31, 2004, an increase of $1.5 billion, or 25%, compared to 2003. Approximately half of the increase was the result of higher LME (London Metal Exchange) aluminum prices, which are passed through to customers. LME 3-month aluminum prices in 2004 were up on average 21% compared to 2003. Eighty percent of the balance of the increase in sales reflected increased rolled products shipments, which were up 12% compared to the year-ago period resulting from improved economies in Asia and North America, and the addition of four plants in Europe obtained as part of the Pechiney acquisition, as well as market share improvements in South America. The remaining portion of the increase was attributable to the translation effects of the weakening U.S. dollar against other currencies, especially the euro.

Ingot products shipments comprise primary ingot in Brazil, foundry products sold in Korea and Europe, secondary ingot in Europe and other miscellaneous recyclable aluminum sales made for logistical purposes.

Our sales and operating revenues were $6.2 billion in 2003, an increase of $328 million, or 6%, compared to 2002. Approximately two-thirds of the increase reflected the translation effect of the weakening U.S. dollar against most currencies. The currency impact affected our operations primarily in Europe and Korea where our revenues are denominated in local currencies and are translated into U.S. dollars for reporting purposes. Year over year, the value of the U.S. dollar declined nearly 20% against the euro and 4% against the Korean won. Approximately one-third of the increase reflected the impact of higher LME prices being passed through to our customers. The average LME 3-month aluminum price increased approximately 5% year over year.

Costs and Expenses

The table below sets forth information relating to our expenses for the years ended December 31, 2004, 2003, and 2002.

Years ended December 31	**2004**		2003		2002	
(in millions of US$, except where indicated)	**$**	**% OF SALES**	$	% OF SALES	$	% OF SALES
Cost of sales and operating expenses, excluding depreciation and amortization	**$ 6,856**	**88.4%**	$ 5,482	88.1%	$ 5,208	88.4%
Depreciation and amortization	**246**	**3.2**	222	3.6	211	3.6
Selling, general and administrative expenses	**268**	**3.5**	211	3.4	183	3.1
Research and development expenses	**58**	**0.8**	62	1.0	67	1.1
Interest expense	**74**	**1.0**	40	0.7	42	0.7
Other expenses, net	**$ 28**	**0.4%**	$ 0	–%	$ 46	0.8%

Our cost of sales and operating expenses represented 88.4% of our sales and operating revenues in 2004, compared to 88.1% in 2003 and 88.4% in 2002. The stability of this cost/revenue relationship reflects the conversion nature of our business. The vast majority of our products have a price structure with two components: a pass-through aluminum price based on the LME and local market premiums, plus a "margin over metal" price based on the conversion cost to produce the rolled product and the competitive market conditions for that product. The increase in costs of sales and operating expenses in 2004 in large part reflected the impact of higher LME prices on metal input costs. There was a commensurate increase in sales and operating revenues as higher metal costs were passed through to customers.

In 2004, our cost base was adversely affected by a number of external factors that increased costs for natural gas and freight. The sharp decline in the value of the U.S. dollar also had a significant adverse impact on operating and overhead costs incurred in other currencies, which are translated into U.S. dollars for reporting purposes. In order to mitigate the negative impact of cost pressures and currency, we remain focused on reducing controllable costs.

Our depreciation and amortization expense was $246 million in 2004 compared to $222 million in 2003. Nearly half of the increase in 2004 was the result of the acquisition of Pechiney at the end of 2003, with the remainder mainly reflecting the effect of the stronger euro and Korean won when translating local currency expenses into U.S. dollars. Our depreciation and amortization expense increased $11 million in 2003, or 5%, compared to 2002. The increase in 2003 mainly reflected the effect of the strengthening euro and Korean won when translated into U.S. dollars.

Our selling, general and administrative, or SG&A, expenses were $268 million for 2004 compared to $211 million in 2003, an increase of $57 million. Included in SG&A for 2004 are expenses related to the spin-off from Alcan and start-up costs for Novelis of $17 million. Approximately one-third of the remaining increase is from the four Pechiney plants, while about one-fifth is from the impact of the strengthening euro, which increased local currency costs when translated into U.S. dollars for reporting purposes. Our 2003 SG&A expenses were $28 million, or 15%, higher than in 2002. Approximately half of the increase in 2003 reflected the impact of the weakening U.S. dollar, most notably against the euro. On average, the value of the U.S. dollar relative to the euro declined by nearly 20% year over year. One-time pension-related expenses in Brazil and a provision for restructuring in Italy accounted equally for the balance of the increase. We expect SG&A to be higher in 2005 due to increased corporate costs as a stand-alone company. In addition, we expect to incur one-time start up costs of $20 to $25 million in 2005.

Our research and development spending was $58 million in 2004, compared to $62 million in 2003 and $67 million in 2002. In each of the three years, research and development represented about 1% of sales and operating revenues.

We do not believe that an analysis of our historical interest expense is meaningful as it does not reflect the level of debt financing that our business has assumed and incurred in connection with the reorganization transactions, nor the associated interest costs. On a combined basis, historical interest expense was $74 million in 2004, an increase of 85% over 2003, reflecting the higher level of borrowings and debt at the end of 2003 that was used to finance Alcan's acquisition of Pechiney in 2003. Historical combined interest expense of $40 million in 2003 was little changed from 2002. See "Liquidity and Capital Resources" for a discussion of the debt we incurred in connection with the reorganization transactions.

In 2004 Other expenses – net were $28 million, an increase of $28 million over the same period in 2003. The major factors in 2004 included $26 million in restructuring and asset impairment charges in Europe, including an $8 million asset impairment in the U.K., the separate asset impairment charge of $65 million in Italy and interest revenue of $26 million. Pre-tax mark-to-market gains on derivatives were $69 million for the year, an increase of $49 million from 2003.

In 2003, Other expenses – net of nil included certain pre-tax expenses of $27 million. The most significant items related to pre-tax environmental provisions of $30 million mainly for a site at our Oswego facility in New York; credits to the 2001 restructuring charge of $24 million largely related to the sales of assets in the U.K., Italy and Malaysia; pre-tax mark-to-market gains on derivatives of $20 million; and foreign exchange losses of $17 million mainly relating to foreign currency balance sheet translation and a pre-tax charge of $7 million associated with a change in pension plans in Brazil. Other expenses, net of other income, of $46 million in 2002 included a pre-tax expense of $44 million related to a transfer pricing adjustment; additions to the 2001 restructuring charge of $25 million for rationalizations and asset impairments in the U.S., Italy and Malaysia; pre-tax interest revenue of $16 million; pre-tax mark-to-market gains on derivatives of $9 million; and a pre-tax expense of $3 million related to an asset impairment charge for operations in Korea. The transfer pricing adjustment relates to discussions that the Internal Revenue Service completed with the Canadian tax authorities in 2002 with respect to our (formerly Alcan Aluminum Corporation) request for competent authority assistance on the Canadian initiated transfer pricing adjustments for the tax years 1988 through 1995. The Internal Revenue Service agreed to provide correlative relief and the $44 million adjustment is the resulting increase in expenses related to our business for the years 1988 through 1995.

Income Taxes

Our income tax expense of $166 million represented an effective tax rate of 74% for 2004 compared to an income tax expense of $50 million and an effective tax rate of 25% for 2003 and an income tax expense of $77 million and an effective tax rate of 57% in 2002. This compares to a 2004 composite statutory tax rate of 33% in Canada (32% in 2003 and 2002). In 2004, the major differences were caused by the $65 million pre-tax asset impairment in Italy, for which a tax recovery is not expected, and the $21 million tax provision in connection with the spin-off of Novelis, for which there is no related income. In 2003 the difference in the rates was due primarily to prior years' tax adjustments and the realization of tax benefits on previously unrecorded tax losses carried forward. In 2002, the difference in the rates was due primarily to the impact of potential future tax benefits that were not recognized since their realization was not likely as well as higher tax rates in foreign jurisdictions, partially offset by currency related items. You should read note 9 of the combined financial statements for a reconciliation of statutory and effective tax rates.

The change in tax rates from year to year is largely due to the increase or decrease in valuation allowance recorded against deferred tax assets. We reduce the deferred tax assets by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. In 2004, we incurred tax losses in Italy, driven mainly by the impairment charge of $65 million, and it was not "more likely than not" that the tax benefits on these losses would be realized and therefore we increased the valuation allowances on these deferred tax assets. In 2003, we reduced the valuation allowance on deferred tax assets as a result of the realization of tax benefits from the carryforward of prior years' tax losses to offset taxable income of the current year in Italy, the United Kingdom and Korea. In 2002, we incurred tax losses in certain jurisdictions, such as Italy, where it was not "more likely than not" that the tax benefits would be realized and therefore we increased the valuation allowance on these deferred assets.

Goodwill

Effective January 1, 2002, we adopted SFAS No. 142, Goodwill and Other Intangible Assets. Under the standard, goodwill and intangible assets that have indefinite useful lives are no longer amortized but rather are tested at least annually for impairment.

On adoption of the standard, a review of goodwill resulted in an impairment charge of $84 million recorded as a cumulative effect of an accounting change as of January 1, 2002. This non-cash adjustment reflected the deterioration in end-use market conditions in the period from Alcan's acquisition of algroup in October 2000 to January 1, 2002, and did not reflect a change in our growth prospects. Annual impairment tests in 2004, 2003, and 2002 have not resulted in any further impairment charges.

LIQUIDITY AND CAPITAL RESOURCES

As highlighted in our combined financial statements, our liquidity and available capital resources are impacted by three components: (1) operating activities, (2) investment activities and (3) financing activities.

Operating Activities

The following table sets forth information regarding our cash flow for the years ended December 31, 2004, 2003, and 2002.

Years ended December 31	% CHANGE 2004 VS 2003	% CHANGE 2003 VS 2002	2004	2003	2002
(in millions of US$, except where indicated)					
Cash flow					
Cash from operating activities	(50)%	8%	**$ 224**	$ 444	$ 410
Capital expenditures	(13)	6	**(165)**	(189)	(179)
Dividends (i)			**(4)**	–	(2)
Free cash flow (i)	(78)%	11%	**$ 55**	$ 255	$ 229

(i) Free cash flow (which is a non-GAAP measure) consists of cash from operating activities less capital expenditures and dividends. Dividends include only those paid by our less than wholly-owned subsidiaries to their minority shareholders. We consider free cash flow to be relevant information for investors as it provides a measure of the cash generated internally that is available for investment opportunities and debt repayment. However, free cash flow does not necessarily represent cash available for discretionary activities, as certain mandatory debt service obligations must be funded out of free cash flow.

Even though we experienced a higher level of BGP at each of our operating segments, our cash flow from operating activities was $224 million for 2004 compared to $444 in 2003, mainly due to a change in working capital resulting from higher LME prices. Our free cash flow was $55 million for 2004, a decrease of $200 million, or 78%, over the level in 2003, reflecting the impact from working capital. Our historical combined financial statements do not reflect any dividends paid by Alcan to its shareholders or the level of interest expense that we are likely to incur following our separation from Alcan.

The higher level of cash from operating activities and free cash flow in 2003 resulted mainly from increased Business Group Profit/Segment Income at each of our operating segments. In 2003, our cash flow generated from operating activities was $444 million compared to $410 million in 2002. Our free cash flow was $255 million in 2003 compared to $229 million in 2002.

Investment Activities

The following table sets forth information regarding our capital expenditures and depreciation for the years ended December 31, 2004, 2003, and 2002.

Years ended December 31	% CHANGE 2004 VS 2003	% CHANGE 2003 VS 2002	2004	2003	2002
(in millions of US$, except where indicated)					
Capital expenditures and depreciation					
Capital expenditures	(13)%	6%	**$ 165**	$ 189	$ 179
Depreciation and amortization expense	11%	5%	**$ 246**	$ 222	$ 211
Reinvestment rate (i)(%)			**67%**	85%	85%

(i) Capital expenditures as a percentage of depreciation and amortization expense.

We believe that maintaining strong and stable cash flows while improving our return on capital assets are key measures of our financial success. Capital expenditures on property, plant and equipment decreased in 2004 and remained below the level of depreciation expense for a third consecutive year. Our capital spending was $165 million in 2004 compared to $189 million in 2003 and $179 million in 2002.

We estimate that our annual capital expenditure requirements for items necessary to maintain comparable production, quality and market position levels (i.e., maintenance capital) will be between $100 million and $120 million for the next several years.

Financing Activities

Total borrowings, as well as cash and time deposits, as presented in our historical combined financial statements for the years ended December 31, 2004 and 2003, are not representative of the debt or cash and time deposits that we have following our separation from Alcan. Historically, Alcan has centrally managed its financing activities in order to optimize its costs of funding and financial flexibility at a corporate level. Consequently, the debt being carried in our historical combined financial statements does not reflect either our debt capacity or our financing requirements.

In connection with the reorganization transactions and our separation from Alcan, we and certain of our subsidiaries incurred new borrowings of $2.9 billion as described below.

Novelis entered into senior secured credit facilities providing for aggregate loans of up to $1.8 billion. These facilities consist of a $1.3 billion seven-year senior secured Term Loan B facility, all of which we borrowed on January 10, 2005, and a $500 million five-year multi-currency revolving credit facility, none of which was borrowed in connection with the reorganization transactions. The Term Loan B facility consists of an $825 million US Term Commitment and a $475 million Canadian Term Commitment, each denominated in US dollars. The proceeds from the Term Loan B facility were used in connection with the reorganization transactions and our separation from Alcan and to pay related fees and expenses. The loans under the Term Loan B facility accrue interest at a variable rate (LIBOR plus 1.75%). We have entered into interest rate swaps to fix the interest rate on $310 million of the variable rate Term Loan B debt at an effective weighted average interest rate of 5.5% for periods of up to three years.

The revolving credit facility and the Term Loan B facilities have maturities of 5 years and 7 years, respectively. Principal on the Term Loan B facility is payable in quarterly installments in amounts equal to 1% per annum with the balance due in the final year of maturity. Required amortization under the Canadian Term Loan B, including amounts due under any mandatory prepayments, are limited such that no more than 25% of the initial amount of the Canadian Term Loan B will be subject to scheduled and mandatory prepayments within the first 5 years of the facility. Any required prepayments amounts in excess of this 25% threshold will be applied to the repayment of the U.S. Term Loan B until the fifth anniversary of the funding of the Canadian Term Loan B.

The credit agreement relating to the senior secured credit facilities includes customary affirmative and negative covenants, as well as financial covenants relating to our maximum total leverage ratio, minimum interest coverage ratio, and minimum fixed charge coverage ratio. The senior secured credit facilities (i) are guaranteed by our principal wholly-owned subsidiaries organized in the United States, Canada, the United Kingdom, Germany, Ireland, Brazil and Switzerland; and (ii) are secured by certain of our assets, including stock of our subsidiaries and intercompany notes representing amounts owed by our subsidiaries to us, and the assets of certain of our subsidiaries, including stock in, and intercompany notes from, other subsidiaries, who have guaranteed the senior secured credit facilities.

On January 31, 2005, Novelis announced that it had agreed to sell $1.4 billion aggregate in principal amount of senior unsecured debt securities (Senior Notes). The Senior Notes, which were priced at par, bear interest at 7.25%. The net proceeds of the placement, received on February 3, 2005, were used to repay the principal and accrued unpaid interest on notes that were issued to Alcan on January 6, 2005, in the amount of $1.4 billion, in connection with the reorganization transactions.

Interest on the Senior Notes is payable semi-annually. The Senior Notes mature on February 15, 2015. Prior to February 15, 2010, we may redeem some or all of the notes by paying a “make-whole” premium. At any time on or after February 15, 2010, we may redeem some or all of the notes at specified redemption prices. The Senior Notes are unsecured senior obligations and rank equally with all of our existing and future unsecured senior indebtedness. The Senior Notes are guaranteed on a senior unsecured basis by all of our existing and future Canadian and U.S. wholly-owned restricted subsidiaries, certain of our existing foreign wholly-owned restricted subsidiaries and our other restricted subsidiaries that guarantee debt in the future under any of our credit facilities, provided that the borrower of such debt is our company or one of our Canadian or U.S. subsidiaries. The Senior Notes and the guarantees will effectively rank junior to our secured debt and the secured debt of the guarantors (including debt under our existing senior secured credit facilities described herein), to the extent of the value of the assets securing that debt.

In November and December 2004, our Korean subsidiary entered into agreements to borrow an aggregate of $183 million under four separate three-year floating rate term loans and $20 million under a one-year floating rate term loan. We have swapped interest payments on $133 million of Korean floating rate term loans in exchange for fixed interest payments, within which $70 million of U.S. dollar denominated Korean term loans were exchanged for Korean Won denominated debt. Following these swaps, the effective weighted average rate on the fixed portion of the three-year Korean term loans is 4.6%. The remaining portion of the three-year term loan accrues a floating interest rate of U.S. three-month LIBOR plus 1.35%. The one-year Korean term loan has a variable rate based on the three-month Korean CD rate plus 1.50%. The proceeds of the Korean term loans were used to refinance existing debt of our Korean subsidiary, and are unsecured.

Debt issuance costs related to the new borrowings were $72 million, $60 million of which will be recorded in Deferred charges and other assets in 2005 and amortized over the lives of the borrowings. The balance of $12 million will be expensed in the first quarter of 2005. The level of debt, including the current and long term portions of the debt, may vary as we may need to provide for other cash requirements.

The new debt of $3.0 billion described above, as well as a capital lease received from Alcan in connection with the rolled products portion of the business assets in Sierre, Switzerland of $48 million, formed our debt structure shortly after our separation from Alcan. In addition, Other receivables, Long-term receivables, Short-term borrowings, Debt maturing within one year and Debt not maturing within one year, all with Alcan, as described in note 11 of the combined financial statements, along with third party borrowings (except those of our Korean subsidiary), were all settled on our separation from Alcan.

Assuming no debt repayments in 2005 and a U.S. 3-month LIBOR rate of 3.05% and a Korean 3-month CD rate of 3.55% as at March 18, 2005, the following table summarizes the calculation of annualized interest expense attributable to our debt structure following completion of the financial transactions:

	AMOUNT OF DEBT	EFFECTIVE INTEREST RATE	INTEREST EXPENSE
(in millions of US$, except where indicated)			
Term Loan B – floating	$ 990	4.80%	**$ 48**
Term Loan B – fixed rate swap	310	5.50	**17**
Senior Notes	1,400	7.25	**102**
Korean term loans	203	4.60	**9**
Capital lease – Sierre	48	8.50%	**4**
Amortization of debt issuance costs			**7**
Total	$ 2,951		**$ 187**

Our subsidiaries in Malaysia and Brazil have access to committed local credit lines totaling $25 million.

Off-Balance Sheet Arrangements

As of December 31, 2004, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4) of SEC Regulation S-K.

Contractual Obligations

We have future obligations under various contracts relating to debt payments, capital and operating leases, long-term purchase arrangements and pensions and other post-employment benefits. The table below provides a summary of these contractual obligations (based on undiscounted future cash flows) as at December 31, 2004. Long-term debt obligations are presented below. However, they reflect our historical debt level which is not representative of the debt repayments and interest expense that will actually be due or accrue under the new capital structure.

Payments due by period as at December 31, 2004	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
(in millions of US$)					
Long-term debt (i)	$ 2,737	$ 291	$ 329	$ 910	$ 1,207
Interest payments on long-term debt (ii)	1,544	157	358	336	693
Capital leases (iii)	2	1	1	–	–
Operating leases (iii)	25	9	10	5	1
Purchase obligations (iii)	105	41	31	22	11
Unfunded pension plans (iv)	434	7	16	17	394
Other post-employment benefits (iv)	457	8	18	19	412
Funded pension plans (iv)	(v)	10	21	22	(v)
Total		$ 524	$ 784	$ 1,331	

(i) Refer to note 18 of the combined financial statements. The long-term debt repayments above represent the repayments based on our historical debt balances. In 2005, we refinanced all of our long-term debt payable to Alcan and its subsidiaries with third party long-term debt as described in note 27, Subsequent Events – Financing of the accompanying combined financial statements.

(ii) As described in (i) above, we refinanced all of our long-term debt payable to Alcan and its subsidiaries with third party long-term debt, and accordingly, the interest payments discussed above are not representative of the interest expense that will actually accrue under the new debt structure. Our current debt structure consists of the $1.3 billion seven-year Term Loan B facility, the $1.4 billion 10-year Senior Notes as described in note 27 to the accompanying combined financial statements, and the existing third-party long-term debt of Alcan Taihan Aluminium Limited as described in note 18 to the accompanying combined financial statements. Based on this debt structure, expected interest payments would be as follows assuming variable interest rates do not change; our interest rate swaps are not replaced when they mature; and the Korean term loans are refinanced and swapped at the same rates prevailing as at March 29, 2005: Less than 1 year: $163 million; 1-3 years: $348 million; 3-5 years: $343 million; More than 5 years: $671 million.

(iii) Refer to note 20 of the combined financial statements.

(iv) Refer to note 24 of the combined financial statements.

(v) Pension funding generally includes the contribution required to finance the annual service cost, except where the plan is largely over-funded, and amortization of unfunded liabilities over periods of 15 years, with larger payments made over the initial period where required by pension legislation. Contributions depend on actual returns on pension assets and on deviations from other economic and demographic actuarial assumptions. Based on our long-term expected return on assets, annual contributions for years after 2009 are projected to be in the same range as in prior years and to grow in relation with payroll.

DIVIDEND POLICY

On March 1, 2005, our board of directors approved a policy of quarterly dividend payments on our common shares and declared a quarterly dividend of $0.09 per common share payable on March 24, 2005 to shareholders of record at the close of business on March 11, 2005. Future dividends 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, and other relevant factors.

ENVIRONMENT, HEALTH AND SAFETY

We strive to be a leader in environment, health and safety, or EHS. To achieve this, we, as part of Alcan, introduced a new environment, health and safety management system in 2003 which is a core component of our overall business management system.

Our EHS system is aligned with ISO 14001, an international environmental management standard, and OHSAS 18001, an international occupational health and safety management standard. All our facilities are expected to implement the necessary management systems to support ISO 14001 and OHSAS 18001 certifications. As of December 31, 2004, all 37 of our facilities worldwide are ISO 14001 certified, 34 facilities were OHSAS 18001 certified and 32 have dedicated quality improvement management systems.

Our capital expenditures for environmental protection and the betterment of working conditions in our facilities were $12 million in 2004. We expect these capital expenditures will be approximately $20 million in 2005. In addition, expenses for environmental protection (including estimated and probable environmental remediation costs as well as general environmental protection costs at our facilities) were $34 million in 2004, and are expected to be $37 million in 2005. Generally, expenses for environmental protection are recorded in Cost of sales and operating expenses. However, significant remediation costs that are not associated with on-going operations are recorded in Other expenses (income) – net.

OPERATING SEGMENT REVIEW

Due in part to the regional nature of supply and demand of aluminum rolled products, our activities are organized under four business groups and are managed on the basis of geographical areas. The business groups are Novelis North America, Novelis Europe, Novelis Asia and Novelis South America.

Years ended December 31	% CHANGE 2004 VS 2003	% CHANGE 2003 VS 2002	**2004**	2003	2002
(in millions of US$, except where indicated)					
Business group Profit/Segment Income(i)					
Novelis North America	15%	(26)%	**$ 237**	$ 206	$ 277
Novelis Europe	9	33	**188**	173	130
Novelis Asia	16	94	**79**	68	35
Novelis South America	28%	24%	**$ 143**	$ 112	$ 90

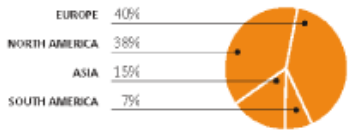
(i) Refer to note 26 of the combined financial statements for a reconciliation to net income.

Years ended December 31	**2004**	2003	2002
Sales and operating revenues by business group (i)			
Novelis North America	**38%**	38%	43%
Novelis Europe	**40**	40	38
Novelis Asia	**15**	15	13
Novelis South America	**7**	7	6
Total	**100%**	100%	100%

(i) Excludes intersegment revenues. Refer to note 26 of the combined financial statements for details on intersegment revenues.

Business Group Profit (BGP) or Segment Income is the measure of operating segment profitability historically used by Alcan. BGP comprises earnings before interest, income taxes, minority interests, depreciation and amortization and excludes certain items, such as corporate costs, restructuring, impairment and other special charges, and pension actuarial gains, losses and other adjustments and mark to market adjustments on derivatives, that are not under the control of our business groups or are not considered in the measurement of their profitability. These items historically have been managed by Alcan's corporate head office, which focuses on strategy development and oversees governance, policy, legal, compliance, human resources and finance matters. BGP also includes our proportionate share of unconsolidated joint ventures as they are managed within each operating segment.

REGIONAL DISTRIBUTION OF
SALES AND OPERATING REVENUES



The accounting principles used to prepare the information by operating segment are the same as those used to prepare our combined financial statements, except for the following two items:

(1) The operating segments include our proportionate share of joint ventures (including joint ventures accounted for using the equity method) as they are managed within each operating segment; and

(2) Pension costs for the operating segments are based on the normal current service cost with all actuarial gains, losses and other adjustments being included in intersegment and other.

Additional operating segment information is presented in note 26 of the combined financial statements.

Novelis North America

Through 12 aluminum rolled products facilities, including two dedicated recycling facilities, Novelis North America manufactures high-quality aluminum sheet and light gauge products. In the past few years, industry production capacity has been reduced through consolidation and restructuring. Novelis North America has focused its efforts on improving its competitiveness through cost improvements, product portfolio upgrades and production optimization. In 2004, approximately 60% of Novelis North America's rolled products production is directed to the beverage/food can market, which historically has tended to be little affected by the general business cycle. Other important end-use markets for Novelis North America include containers and packaging, automotive, other transportation applications, construction and other industrial applications.

The following tables set forth key financial and operating data for Novelis North America for the fiscal years ended December 31, 2004, 2003, and 2002.

Years ended December 31	**2004**	2003	2002
Contribution to Novelis North America sales and operating revenues (i)			
Beverage/food cans	**58%**	57%	61%
Construction and industrial	**15**	14	11
Foil products	**10**	12	11
Transportation	**14**	15	15
Ingot	**7**	2	2
Total	**100%**	100%	100%

Years ended December 31	% CHANGE 2004 VS 2003	% CHANGE 2003 VS 2002	**2004**	2003	2002
(in millions of US $, except where indicated)					
Novelis North America selected financial information (ii)					
Sales and operating revenues	24%	(5)%	**$ 2,964**	$ 2,385	$ 2,517
BGP	15	(26)	**237**	206	277
Rolled products shipments (iii) (kt)	7	(7)	**1,115**	1,042	1,120
Ingot products shipments (iv) (kt)	46%	(9)%	**60**	41	45

(i) Based on management estimates.

(ii) Intersegment revenues and shipments are not included in the figures above. Refer to note 26 of the combined financial statements for details on intersegment revenues.

(iii) Includes conversion of customer-owned metal (tolling).

(iv) Includes primary and secondary ingot and recyclable aluminum.

In 2004, Novelis North America had sales and operating revenues of $3.0 billion, representing 38% of our total sales and operating revenues,and shipments of 1,175 kilotonnes, representing 39% of our total shipments. Compared to 2003, Novelis North America's revenues increased by $579 million, or 24%. The majority of the increase reflected the impact of higher LME prices passed through to customers, with the balance mainly reflecting higher shipments.

In 2004, the industrial products, construction, transportation and small industrial goods end-use markets were very strong. Can and foil end-use markets were relatively flat for the industry; however, Novelis North America's participation was up in these end-use markets. Recycling played a bigger role for us in 2004 as we increased the amount of recycling used in our products. The spreads between recycled metal and primary metal costs increased as aluminum prices continued to increase, averaging slightly above normal spreads for the year. This increase made a positive contribution to our financial results due to our increased use of recycled metal.

Novelis North America reported BGP of $237 million for 2004, an increase of $31 million, or 15%, over 2003. This improvement is attributable to strong growth in rolled product shipments which were up 7% from the year-ago period due to strengthening market conditions. Benefits to BGP of cost control efforts and the recovery in purchase price spreads between recycled metal and primary aluminum were offset by the strengthening Canadian dollar and the negative impact of metal price lags. Metal price lags result from temporary timing differences between the pass through aluminum price component of our sales to customers and the LME-related cost of aluminum purchases included in our cost of goods sold.

In 2003, Novelis North America had sales and operating revenues of $2.4 billion, representing 38% of our total sales and operating revenues, and shipments of 1,083 kilotonnes, representing 39% of our total shipments. Compared to 2002, Novelis North America's revenues decreased by $132 million, or 5%, in 2003 mainly due to lower shipments, offset in part by the impact of higher aluminum input costs passed through to customers.

Rolled product shipments for 2003 were 7% below the record level in 2002 due to lower can stock shipments, the transfer of business to Novelis Asia and weak market conditions in the United States. In contrast, automotive sheet sales reached an all-time record in 2003 as sales of light trucks in the North American market remained strong, despite a 3% decline in overall automobile production. Novelis North America benefited from innovations in sport utility vehicle lift-gate and hood technologies as a result of its continued close co-operation with automotive customers. Industrial product revenues improved despite ongoing weakness in the distributor market and severe import price competition, as we continued to concentrate on new value-creating product applications. Container and foilstock shipments were essentially unchanged from 2002 levels, while package and converter foil shipments continued to be adversely affected by imports.

Novelis North America's BGP for 2003 declined by $71 million, or 26%, compared to 2002. Approximately half of the decline reflected lower rolled product volumes, with the remainder of the decline accounted for, in equal parts, by the adverse effect of metal price lags, the impact of higher recycled metal costs and the effect of the stronger Canadian dollar when translating local currency expenses into U.S. dollars. Contributions from aggressive cost reduction efforts and improved conversion margins helped to partially offset the year-over-year decline, each by equal amounts.

Novelis Europe

Novelis Europe provides European markets with value-added sheet and light gauge products through its 17 operating plants, including two recycling facilities. Novelis Europe serves a broad range of aluminum rolled product end-use applications, with construction and industrial products representing the largest end-use market in terms of shipment volume. Novelis Europe is a global leader in the production of lithographic sheet, a specialized product requiring technical production, and is the second largest supplier of foil in Europe in terms of shipments. Over the last two and one-half years, demand from Novelis Europe's end-markets has been mixed, with most showing little growth. Novelis Europe has responded by rationalizing its production facilities and optimizing its product portfolio in order to reduce costs and improve profitability. These initiatives together with the translation benefits of the stronger euro against the U.S. dollar, have led to a 45% improvement in Novelis Europe's BGP from 2002 to 2004.

The following tables set forth key financial and operating data for Novelis Europe for the fiscal years ended December 31, 2004, 2003, and 2002.

Years ended December 31	2004	2003	2002
Contribution to Novelis Europe sales and operating revenues (i)			
Beverage/food cans	**16%**	17%	19%
Construction and industrial	**40**	49	52
Foil products	**29**	14	13
Transportation	**12**	12	12
Ingot	**3**	8	4
Total	**100%**	100%	100%

	% CHANGE				
Years ended December 31	2004 VS 2003	2003 VS 2002	2004	2003	2002
(in millions of US$, except where indicated)					
Novelis Europe selected financial information (ii)					
Sales and operating revenues	23%	13%	**$ 3,081**	$ 2,510	$ 2,218
BGP	9	33	**188**	173	130
Rolled products shipments (iii) (kt)	14	1	**984**	860	853
Ingot products shipments (iv) (kt)	(31)%	108%	**105**	152	73

(i) Based on management estimates.

(ii) Intersegment revenues and shipments are not included in the figures above. Refer to note 26 of the combined financial statements for details on intersegment revenues.

(iii) Includes conversion of customer-owned metal (tolling).

(iv) Includes primary and secondary ingot and recyclable aluminum.

In 2004, Novelis Europe had sales and operating revenues of $3.1 billion, representing 40% of our total sales and operating revenues, and shipments of 1,089 kilotonnes, representing 36% of our total shipments. Compared to 2003, Novelis Europe's sales and operating revenues increased by $571 million, or 23%. The impact of higher LME prices passed through to customers accounted for the majority of the improvement in sales and operating revenues, with higher shipments from the acquisition of Pechiney and foreign currency translation effects accounting for the remaining improvement.

In 2004, the European aluminum can market grew as can production accelerated conversion from steel to aluminum, driven by legislative changes originating in Germany in the post-consumer container return area, where the value of post-consumer used beverage containers, or UBCs, advantages aluminum over steel in the recovery system. The European automotive market also continued to grow well as we made headway into new applications. Europe continues to experience growth in the aluminization of vehicles for performance reasons. The European lithographic sheet market also increased as demand for higher-grade product, driven by computer-to-print technology, feeds directly into our areas of asset capabilities and expertise.

Novelis Europe reported BGP of $188 million for 2004 as compared to $173 million in 2003. Included in the results was a restructuring charge of $16 million taken in Europe. The positive effect on translation of euro-denominated results into U.S. dollars, favorable metal effects, benefits from previous restructuring activities, and the contribution of four rolling operations acquired from Pechiney more than offset any negative product mix impact. While some end-markets are slowly recovering in Europe, the strength of the euro continues to keep shipments and margins under pressure. In response to the challenging market conditions, Novelis Europe is focused on optimizing its portfolio of products and reducing costs.

In 2003, Novelis Europe had sales and operating revenues of $2.5 billion, representing 40% of our total sales and operating revenues, and shipments of 1,012 kilotonnes, representing 36% of our total shipments. Compared to 2002, Novelis Europe's sales and operating revenues increased by $292 million, or 13%. Approximately two-thirds of the improvement reflected the impact of the stronger euro, with the balance mainly reflecting the impact of higher total shipments.

In 2003, the European beverage can market was negatively impacted by the timing of the introduction of complex deposit requirements in Germany, but demand growth in Eastern Europe partially offset this factor. The demand for lithographic sheet was strong, ending 6% above 2002 levels; however the distributor market was weak throughout the year. Other end-use markets were mixed in 2003. The demand for bright surface products was robust, whereas painted products and industrial plate showed only modest improvement compared to 2002. In addition to the difficult economic situation, the strengthening euro versus the U.S. dollar exacerbated already very competitive market conditions. The demand for aluminum automotive sheet remained strong in 2003 and represented the key driver for overall market growth, with automotive sheet shipments up 18% over 2002. Through its automotive finishing facility in Nachterstedt, Germany, Novelis Europe is the exclusive supplier to the all-aluminum structured Jaguar XJ, which entered production in 2003 at a build rate of 30,000 cars per year.

In 2003, approximately two-thirds of the year-over-year increase in Novelis Europe's BGP was due to the impact of the stronger euro on the translation of euro profits into U.S. dollars with the remainder of the increase mainly reflecting the impact of restructuring programs. During 2003, Novelis Europe continued to concentrate on value-added market sectors and products, while focusing on cost and operating working capital reduction in its operations. Foil and technical products continued to implement major restructuring programs in the United Kingdom, Germany and Switzerland. By mid-year, Novelis Europe's profitability had improved as the fixed cost burden was reduced through plant consolidation.

Novelis Asia

Novelis Asia operates three manufacturing facilities in the Asian region and manufactures a broad range of sheet and light gauge products. Our sales in the region are focused on key markets for foil products, construction and industrial products, and food and beverage cans. Strong growth in emerging markets, such as China, and the technological and operating advances at our two Korean rolling mills have led to a significant improvement in Novelis Asia shipments and profitability over the past few years.

The following tables set forth key financial and operating data for Novelis Asia for the fiscal years ended December 31, 2004, 2003, and 2002.

Years ended December 31	**2004**	2003	2002
Contribution to Novelis Asia sales and operating revenues (i)			
Beverage/food cans	**24%**	23%	10%
Construction and industrial	**17**	15	24
Foil products	**27**	26	26
Transportation	**26**	27	27
Ingot	**6**	9	13
Total	**100%**	100%	100%

	% CHANGE				
Years ended December 31	2004 VS 2003	2003 VS 2002	**2004**	2003	2002
(in millions of US$, except where indicated)					
Novelis Asia selected financial information (ii)					
Sales and operating revenues	30%	17	**$ 1,194**	$ 918	$ 785
BGP	16	94	**79**	68	35
Rolled products shipments (iii) (kt)	17	20	**452**	385	320
Ingot products shipments (iv) (kt)	(9)%	(26)%	**39**	43	58

(i) Based on management estimates.

(ii) Intersegment revenues and shipments are not included in the figures above. Refer to note 26 of the combined financial statements for details on intersegment revenues.

(iii) Includes conversion of customer-owned metal (tolling).

(iv) Includes primary and secondary ingot and recyclable aluminum.

In 2004, Novelis Asia had sales and operating revenues of $1.2 billion, representing 15% of our total sales and operating revenues, and record shipments of 491 kilotonnes, representing 16% of our total shipments. Compared to 2003, Novelis Asia's sales and operating revenues increased by $276 million or 30%. Over 40% of the increase reflects the impact of higher LME prices passed through to customers, with the balance mainly reflecting higher shipments and an improved product portfolio.

Novelis Asia reported BGP of $79 million for 2004 compared to $68 million in 2003. The improvement principally reflected increased demand, most notably in China, which was met with improved operating productivity, and a move to higher value-added products. Novelis Asia's rolled products shipments were 452 kilotonnes in 2004, an increase of 17% from 2003.

In 2003, Novelis Asia had sales and operating revenues of $918 million, representing 15% of our total sales and operating revenues, and shipments of 428 kilotonnes, representing 15% of our total shipments. Sales and operating revenues increased by 17% in 2003 compared to 2002. Almost all of the improvement reflected increased rolled product shipments. Novelis Asia was able to capitalize on growth in Asian can demand, particularly in China, combined with improved operating performance in our Korean operations. Novelis Asia is the second largest supplier to China in terms of shipments, which in Asia-Pacific, is the fastest growing market. In order to reinforce our strategic position in Southeast Asia, we increased our ownership position in Aluminium Company of Malaysia Berhad from 36% to 59% in 2003.

Novelis Asia's BGP has steadily increased over the last three years due to the higher shipments resulting from the improved operating performance of our Korean rolling mills and an improved product portfolio.

Novelis South America

Novelis South America operates two rolling plants facilities in Brazil along with two smelters, an alumina refinery and a bauxite mine. Novelis South America manufactures a variety of aluminum sheet and light gauge products for the beverage/food can, construction and industrial and packaging end-use markets. Economic markets in South America have been volatile and challenging over the past several years, but Novelis South America has been able to capitalize on its position as the only can sheet producer in that region, in order to improve its sales into the beverage and food can markets. Novelis South America has also turned to new export markets in an attempt to offset the impacts of the more difficult local economic conditions. Novelis South America's Pinda facility is supplied, in part, by our two smelters in Brazil, with any excess primary production being sold to third parties in the form of billet. A portion of their power requirements are self-generated. Raw materials for these smelters are partially supplied by a company-owned bauxite mine and alumina refinery.

The following tables set forth key financial and operating data for Novelis South America for the fiscal years ended December 31, 2004, 2003, and 2002.

Years ended December 31	**2004**	2003	2002
Contribution to Novelis South America sales and operating revenues (i)			
Beverage/food cans	**60%**	50%	52%
Construction and industrial	**3**	5	3
Foil products	**11**	8	10
Transportation	**15**	17	14
Ingot	**11**	20	21
Total	**100%**	100%	100%

Years ended December 31	% CHANGE 2004 VS 2003	% CHANGE 2003 VS 2002	**2004**	2003	2002
(in millions of US$, except where indicated)					
Novelis South America selected financial information (ii)					
Sales and operating revenues	27%	9%	**$ 525**	$ 414	$ 379
BGP	28	24	**143**	112	90
Rolled products shipments (iii) (kt)	15	10	**234**	204	186
Ingot products shipments (iv) (kt)	(44)%	(7)%	**30**	54	58

(i) Based on management estimates.

(ii) Intersegment revenues and shipments are not included in the figures above. Refer to note 26 of the combined financial statements for details on intersegment revenues.

(iii) Includes conversion of customer-owned metal (tolling).

(iv) Includes primary and secondary ingot and recyclable aluminum.

In 2004, Novelis South America had sales and operating revenues of $525 million, representing 7% of our total sales and operating revenues, and shipments of 264 kilotonnes, representing 9% of our total shipments. Compared to 2003, Novelis South America's sales and operating revenues increased by $111 million, or 27%. Two-thirds of the increase reflected the impact of higher LME prices passed through to customers and sold from our smelters to third party ingot customers with the balance mainly reflecting higher shipments.

The first half of 2004 in South America was slow as the can business was down approximately 6%. But by year-end, the market recovered and was up 2%. The economy started to pick up in the second quarter with full consumer involvement in most segments occurring by the fourth quarter. The light gauge market in South America grew by 11%; however, Novelis South America's light gauge business grew by 22%, reflecting the unique position we hold in South America.

Novelis South America reported BGP of $143 million for 2004 compared to $112 million in 2003. Approximately seventy-five percent of the increased BGP is related to market share gains, evidenced by a 15% increase in Novelis South America's rolled products shipments over the prior year period compared to an 8% improvement in the overall aluminum rolled product market, with the balance coming from improved pricing and higher ingot prices due to the production from our smelters in Brazil.

Novelis South America had sales and operating revenues of $414 million in 2003, representing 7% of our total sales and operating revenues, and shipments of 258 kilotonnes, representing 9% of our total shipments. Approximately half of the improvement reflected higher rolled products shipments, which increased by 9% due to further inroads made into the can market. The balance of the improvement in sales and operating revenues reflected higher aluminum input costs which are passed through to customers.

While South American economies improved in 2003, the business environment remained challenging. As the only local can sheet producer, Novelis South America was well positioned to grow can sheet sales despite a decrease in demand in the domestic can market. New product introductions along with competitive advantages and improvements in the distribution chain also strengthened our sales position in industrial products and light gauge markets. Efforts to grow export sales continued in order to mitigate the impact of soft local demand.

In 2003, Novelis South America's BGP increased by $22 million, or 24%, compared to 2002. Approximately half of the year-over-year increase was due to higher shipments, with the balance reflecting equally the impact of higher LME prices and the benefits from ongoing cost reduction initiatives. A portion of the benefits were offset by lower conversion prices due to the soft market conditions.

In 2002, South American economies were severely impacted by political uncertainty in Brazil, Argentina and Venezuela. The Brazilian real fell 53% during the year, which reduced demand for U.S. dollar-based aluminum products and led to an 8% drop in sheet shipments. In order to mitigate the decline in local demand, Novelis South America turned to new export markets and new product introductions, as well as focusing on higher value-added products.

RISKS AND UNCERTAINTIES

We are exposed to a number of risks in the normal course of our operations that could potentially affect our performance. A discussion of risks and uncertainties is included under the caption "Risk Factors" in Item 7 of our Annual Report on Form 10-K. In addition, refer to notes 20 and 22 of our combined financial statements for a discussion of commitments and contingencies and financial instruments and commodity contracts.

Risk Management

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in commodity aluminum prices, foreign currency exchange rates and interest rates that could impact our results of operations and financial condition. Alcan historically has managed these types of risks on our behalf as part of its group-wide management of market risks. The notional amounts of derivative financial instruments included in the historical combined financial statements indicate the extent of our involvement in such instruments but are not necessarily indicative of what our exposure to market risk through the use of derivatives would be as a separate stand-alone entity. We plan to manage our exposure to these and other market risks through regular operating and financing activities and the use of derivative financial instruments. We intend to use such derivative financial instruments as risk management tools and not for speculative investment purposes. By their nature, all such instruments involve risk including the credit risk of non-performance by counterparties, and our maximum potential loss may exceed the amount recognized in our balance sheet. However, at December 31, 2004, the principal counterparty to these contracts was Alcan and we believe there was no significant risk of loss in the event of non-performance.

The decision whether and when to commence a hedge, along with the duration of the hedge, can vary from period to period depending on market conditions and the relative costs of various hedging instruments. The duration of a hedge is always linked to the timing of the underlying exposure, with the connection between the two being regularly monitored to ensure effectiveness. Derivative contracts that are deemed to be highly effective in offsetting changes in the fair value or cash flows of hedged items are designated as hedges of specific exposures and, accordingly, all gains and losses on these instruments are recognized in the same manner as the item being hedged.

The separation agreement between Alcan and us provides that we will assume all liabilities under, or otherwise relating to, derivatives and similar obligations primarily related to our business. Initially, Alcan may continue to perform obligations under such derivatives and similar obligations on our behalf, but all amounts paid to or received from third parties will be charged to or credited to us. Clearly defined policies and management controls govern all risk management activities. Derivative transactions are executed only with approved counterparties. Transactions in financial instruments for which there is no underlying exposure to our company are prohibited.

Commodity Price Risk

Most aluminum rolled products are priced in two components: a pass-through aluminum price component based on the LME quotation and local market premia, plus a "margin over metal" or conversion charge based on the competitive market price of the product. As a consequence,the aluminum price risk is largely absorbed by the customer. In situations where we offer customers fixed prices for future delivery of our products, we may enter into hedging contracts for the metal inputs in order to protect the profit on the conversion margin of the product. In addition, sales contracts currently representing approximately 20% of our total annual sales provide for a ceiling over which metal prices cannot contractually be passed through to our customers. We mitigate the risk of this metal price exposure through the purchase of metal hedging contracts or options.

Foreign Currency Exchange Risk

Exchange rate movements, particularly the euro, the Canadian dollar, the Brazilian real and the Korean won against the U.S. dollar, have an impact on our results. In Europe and Korea, where we have local currency conversion prices and operating costs, we benefit as the euro strengthens and Korean won weakens, but are adversely affected as the euro weakens but the Korean won strengthens. In Korea, a significant portion of the conversion prices for exports is U.S. dollar driven. In Canada and Brazil, we have operating costs denominated in local currency while our functional currency is the U.S. dollar. As a result we benefit from a weakening in local currencies but, conversely, are disadvantaged if they strengthen. In Brazil, this is partially offset by some sales that are denominated in real. In Europe and Korea where the local currency is also the functional currency, certain revenues, operating costs and debt are denominated in U.S. dollars. Foreign currency contracts may be used to hedge these economic exposures.

Any negative impact of currency movements on the currency contracts that we have entered into to hedge identifiable foreign currency commitments to purchase or sell goods and services would be offset by an equal and opposite favorable exchange impact on the commitments being hedged. For a discussion of accounting policies relating to currency contracts, see note 3 of our combined financial statements.

Sensitivities

	CHANGE IN RATE/PRICE	$ MILLIONS PER YEAR
Estimated annual effect on our net income:		
Economic impact of changes in period-average U.S. dollar exchange rates		
Euro	+10%	$ 14
Korean won	+10	(4)
Canadian dollar	+10	(4)
Brazilian real	+10%	$ (17)

Interest Rate Risk

We are subject to interest rate risk related to the variable rate debt we incurred in the financing transactions. For every 12.5 basis point increase in the interest rates on the $1,060 million of variable rate debt that has not been swapped into fixed interest rates, our annual net income would be reduced by $1 million.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have prepared our combined financial statements in conformity with accounting principles generally accepted in the United States, and these statements necessarily include some amounts that are based on our informed judgments and estimates. Our accounting policies are discussed in note 3 of our combined financial statements. Historically, the process of creating our financial reports has been managed by Alcan. As discussed below, our financial condition or results of operations may be materially affected when reported under different conditions or when using different assumptions in the application of such policies. In the event estimates or assumptions prove to be different from actual amounts, adjustments are made in subsequent periods to reflect more current information. We believe the following critical accounting policies are those that require our more significant judgments and estimates used in the preparation of our combined financial statements.

Allocation of General Corporate Expenses

Alcan has allocated general corporate expenses to us based on average head count and capital employed. Capital employed represents total assets less payables and accrued liabilities and deferred credits and other liabilities. Capital employed and average headcount are both indicative of the size of our businesses. A combination of these measures as a basis of allocation also mitigates unrepresentative fluctuations in the amounts allocated. The costs allocated were not necessarily indicative of the costs that would have been incurred if we had performed these functions as a stand-alone company, nor were they indicative of costs that will be incurred in the future. The use of a different basis of allocation may result in a material change to the amounts reflected in the SG&A expense in the combined statements of income. The general corporate expenses allocation is primarily for human resources, legal, treasury, insurance, finance, internal audit, strategy and public affairs and amounted to $34 million, $24 million and $28 million for the years ended December 31, 2004, 2003 and 2002, respectively. Total head office costs, including the amounts allocated, amounted to $54 million, $42 million and $47 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Post-retirement Benefits

The costs of pension and other post-retirement benefits are calculated based on assumptions determined by us, with the assistance of independent actuarial firms and consultants. These assumptions include the long-term rate of return on pension assets, discount rates for pension and other post-retirement benefits obligations, expected service period, salary increases, retirement ages of employees and health care cost trend rates. These assumptions are subject to the risk of change as they require significant judgment and have inherent uncertainties that we may not be able to control.

The two most significant assumptions used to calculate the obligations in respect of employee benefit plans are the discount rates for pension and other post-retirement benefits, and the expected return on assets.

The discount rate for pension and other post-retirement benefits is the interest rate used to determine the present value of benefits. It is based on the yield on long-term high-quality corporate fixed income investments at the end of each fiscal year. The weighted-average discount rate was 5.4% as of December 31, 2004, compared to 5.8% and 5.6% for 2003 and 2002, respectively. An increase in the discount rate of 0.5%, assuming inflation remains unchanged, would have resulted in a reduction of approximately $40 million in the pension and other post-retirement obligations and in a reduction of approximately $4 million in the net periodic benefit cost. A reduction in the discount rate of 0.5%, assuming inflation remains unchanged, would have resulted in an increase of approximately $43 million in the pension and other post-retirement obligations and in an increase of approximately $4 million in the net periodic benefit cost.

The calculation of the estimate of the expected return on assets is described in note 24 of our combined financial statements. The weighted-average expected return on assets was 8.3% for 2004, 8.0% for 2003 and 5.0% for 2002. The expected return on assets is a long-term assumption whose accuracy can only be measured over a long period based on past experience. Over the 15-year period ended December 31, 2004, the average actual return on assets exceeded the expected return by 0.9% per year. A variation in the expected return on assets of 0.5% will result in a variation of approximately $2 million in the net periodic benefit cost.

Environmental Liabilities

Environmental expenses that are not legal asset retirement obligations are accrued on an undiscounted basis when it is probable that a liability for past events exists and remediation can be reasonably estimated. In determining whether a liability exists, we are required to make judgments as to the probability of a future event occurring. These judgments are subject to the risk of change, as they depend on events that may or may not occur in the future. If our judgments differ from those of legal or regulatory authorities, the provisions for environmental expense could increase or decrease significantly in future periods. Our environmental experts and internal and external legal counsel are consulted on all material environmental matters.

Property, Plant and Equipment

Due to changing economic and other circumstances, we regularly review our property, plant and equipment, or PP&E. Accounting standards require that an impairment loss be recognized when the carrying amount of a long-lived asset held for use is not recoverable and exceeds its fair value. The amount of impairment to be recognized is calculated by subtracting the fair value of the asset from the carrying amount of the asset. As discussed in the notes to our combined financial statements, we reviewed specific PP&E for impairment in 2004 due to situations where circumstances indicated that the carrying value of specific assets could not be recovered. We made assumptions about the undiscounted sum of the expected future cash flows from these assets and determined that they were less than their carrying amount, resulting in the recognition of an impairment in accordance with U.S. GAAP. In estimating future cash flows, we use our internal plans. These plans reflect our best estimates; however they are subject to the risk of change as they have inherent uncertainties that we may not be able to control. Our actual results could differ significantly from those estimates. We cannot predict whether an event that triggers an impairment of PP&E will occur or when it will occur, nor can we estimate what effect it will have on the carrying values of our assets.

Income Taxes

The provision for income taxes is calculated based on the expected tax treatment of transactions recorded in our combined financial statements. Income tax assets and liabilities, both current and deferred, are measured according to the income tax legislation that is expected to apply when the asset is realized or the liability settled. We regularly review the recognized and unrecognized deferred income tax assets to determine whether a valuation allowance is required or needs to be adjusted. In forming a conclusion about whether it is appropriate to recognize a tax asset, we must use judgment in assessing the potential for future recoverability while at the same time considering past experience. All available evidence is considered in determining the amount of a valuation allowance. If our interpretations differ from those of tax authorities or judgments with respect to tax losses change, the income tax provision could increase or decrease, potentially significantly, in future periods.

RECENTLY ISSUED ACCOUNTING STANDARDS

Consolidation of Variable Interest Entities

In January 2003, the Financial Accounting Standards Board, or FASB, issued Interpretation No. 46, or FIN 46, "Consolidation of Variable Interest Entities," in an effort to expand upon and strengthen existing accounting guidance as to when a company should consolidate the financial statements of another entity. The FASB issued a revision to FIN 46 in December 2003. The interpretation requires "variable interest entities" to be consolidated by a company if that company is subject to a majority of expected losses of the entity or is entitled to receive a majority of expected residual returns of the entity, or both. A company that is required to consolidate a variable interest entity is referred to as the entity's primary beneficiary. The interpretation also requires certain disclosures about variable interest entities that a company is not required to consolidate, but in which it has a significant variable interest. This interpretation applied to us commencing with the period ending March 31, 2004. For further details, refer to note 4 of our combined financial statements.

In our combined financial statements as at December 31, 2003 and prior to December 31, 2003, we combined all entities in which we had control by ownership of a majority of voting interests. As a result of FIN 46, our combined balance sheet includes the assets and liabilities of Logan Aluminum Inc. (Logan), a variable interest entity for which we are the primary beneficiary. Logan manages a tolling arrangement for our company and an unrelated party.

Upon adoption of FIN 46 in 2004, assets of approximately $38 million and liabilities of approximately $38 million related to Logan that were previously not recorded on our combined balance sheet were recorded by us. There was no impact on the combined statements of income for the periods presented and no cumulative effect of an accounting change to recognize. The results of operations of this variable interest entity were included in our combined results prospectively and did not have a material impact for the year ended December 31,2004. Our investment, plus any unfunded pension liability, related to Logan totaled approximately $37 million as at December 31, 2004, representing our maximum exposure to loss. Creditors of Logan do not have recourse to our general credit as a result of including Logan in our financial statements.

For a discussion of other recently issued accounting standards, none of which is expected to have a material impact on our results of operations or our financial condition, please refer to note 3 of our combined financial statements.

Exhibit 99.2

Responsibility for the Annual Report

Novelis' management is responsible for the preparation, integrity and fair presentation of the financial statements and other information in the Annual Report. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include, where appropriate, estimates based on the best judgment of management. Financial and operating data elsewhere in the Annual Report are consistent with that contained in the accompanying financial statements.

Novelis' policy is to maintain systems of internal accounting, administrative and disclosure controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is accurate and reliable and that Group assets are adequately accounted for and safeguarded. The Board of Directors oversees the Group's systems of internal accounting, administrative and disclosure controls through its Audit Committee, which is comprised of directors who are not employees. The Audit Committee meets regularly with representatives of the Group's independent auditors and management, including internal audit staff, to satisfy themselves that Novelis' policy is being followed. The Audit Committee has appointed PricewaterhouseCoopers LLP as the independent auditors.

The financial statements have been reviewed by the Audit Committee and, together with the other required information in this Annual Report, approved by the Board of Directors. In addition, the financial statements have been audited by PricewaterhouseCoopers LLP, whose report is provided below.

/s/ Brian W. Sturgell
BRIAN W. STURGELL
President and Chief Executive Officer

/s/ Geoffrey P. Batt
GEOFFREY P. BATT
Senior Vice-President and Chief Financial Officer

March 30, 2005

Report of Independent Registered Public Accounting Firm

To the Board of Directors of Novelis Inc.:

In our opinion, the accompanying combined balance sheets and related combined statements of income, invested equity and cash flows present fairly, in all material respects, the financial position of the Novelis Group as described in Note 1, at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Novelis Group's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
PRICEWATERHOUSECOOPERS LLP
Chartered Accountants
Montreal, Quebec, Canada

March 24, 2005

The Novelis Group

COMBINED STATEMENT OF INCOME
Year ended December 31
(in millions of US$, except per share amounts)

	2004	2003	2002
Sales and operating revenues			
– third parties	**7,305**	5,749	5,456
– related parties (NOTE 11)	**450**	472	437
	7,755	6,221	5,893
Costs and expenses			
Cost of sales and operating expenses, excluding depreciation and amortization noted below			
– third parties	**6,453**	5,046	4,797
– related parties (NOTE 11)	**403**	436	411
Depreciation and amortization (NOTE 7)	**246**	222	211
Selling, general and administrative expenses	**268**	211	183
Research and development expenses			
– third parties	**20**	18	18
– related parties (NOTE 11)	**38**	44	49
Interest			
– third parties	**41**	21	20
– related parties (NOTE 11)	**33**	19	22
Other expenses (income) – net (NOTE 14)			
– third parties	**84**	84	24
– related parties (NOTE 11)	**(56)**	(84)	22
	7,530	6,017	5,757
Income before income taxes and other items	**225**	204	136
Income taxes (NOTE 9)	**166**	50	77
Income before other items	**59**	154	59
Equity income (NOTE 10)	**6**	6	8
Minority interests	**(10)**	(3)	8
Income before cumulative effect of accounting change	**55**	157	75
Cumulative effect of accounting change, net of income taxes of nil (NOTES 4 AND 7)	**–**	–	(84)
Net income (Loss)	**55**	157	(9)
Earnings (Loss) per share (NOTE 5)			
Basic			
Income before cumulative effect of accounting change	**0.74**	2.12	1.01
Cumulative effect of accounting change	**–**	–	(1.13)
Net income (Loss) per share – basic	**0.74**	2.12	(0.12)
Diluted			
Income before cumulative effect of accounting change	**0.74**	2.11	1.00
Cumulative effect of accounting change	**–**	–	(1.13)
Net income (Loss) per share – diluted	**0.74**	2.11	(0.13)

The accompanying notes are an integral part of the financial statements.

The Novelis Group

COMBINED BALANCE SHEET
As at December 31
(in millions of US$)

	2004	2003
ASSETS		
Current assets		
Cash and time deposits	**31**	27
Trade receivables (net of allowances of $33 in 2004 and $30 in 2003)		
– third parties (NOTE 12)	**710**	558
– related parties (NOTE 11)	**87**	163
Other receivables		
– third parties	**118**	97
– related parties (NOTES 11 AND 13)	**846**	1,167
Inventories		
Aluminum	**1,081**	867
Raw materials	**20**	14
Other supplies	**125**	99
	1,226	980
Total current assets	**3,018**	2,992
Deferred charges and other assets (NOTE 15)	**193**	196
Long-term receivables from related parties (NOTE 11)	**104**	614
Property, plant and equipment (NOTE 16)		
Cost (excluding construction work in progress)	**5,506**	5,218
Construction work in progress	**112**	129
Accumulated depreciation	**(3,270)**	(2,928)
	2,348	2,419
Intangible assets (net of accumulated amortization of $9 in 2004 and $6 in 2003) (NOTE 7)	**35**	26
Goodwill (NOTE 7)	**256**	69
Total assets	**5,954**	6,316
LIABILITIES AND INVESTED EQUITY		
Current liabilities		
Payables and accrued liabilities		
– third parties	**859**	802
– related parties (NOTE 11)	**401**	286
Short-term borrowings		
– third parties	**229**	900
– related parties (NOTE 11)	**312**	64
Debt maturing within one year (NOTE 18)		
– third parties	**1**	132
– related parties (NOTE 11)	**290**	10
Total current liabilities	**2,092**	2,194
Debt not maturing within one year (NOTES 18 AND 22)		
– third parties	**139**	506
– related parties (NOTE 11)	**2,307**	1,011
Deferred credits and other liabilities (NOTE 17)	**472**	362
Deferred income taxes (NOTE 9)	**249**	152
Minority interests	**140**	117
Invested equity		
Owner's net investment	**467**	1,890
Accumulated other comprehensive income	**88**	84
	555	1,974
Commitments and contingencies (NOTE 20)		
Total liabilities and invested equity	**5,954**	6,316

The accompanying notes are an integral part of the financial statements.

Approved by the Board

/s/ Brian W. Sturgell
BRIAN W. STURGELL
Director

/s/ Suzanne Labarge
SUZANNE LABARGE
Director

The Novelis Group

COMBINED STATEMENT OF CASH FLOWS
Year ended December 31
(in millions of US$)

	2004	2003	2002
OPERATING ACTIVITIES			
Net income (Loss)	**55**	157	(9)
Adjustments to determine cash from operating activities:			
Cumulative effect of accounting change	**–**	–	84
Depreciation and amortization	**246**	222	211
Deferred income taxes	**97**	(20)	(1)
Equity income	**(6)**	(6)	(8)
Asset impairment provisions	**75**	4	19
Stock option compensation	**2**	2	2
Loss (Gain) on sales of businesses and investment – net	**–**	(25)	4
Change in operating working capital			
Change in receivables			
– third parties	**(112)**	6	40
– related parties	**28**	101	(11)
Change in inventories	**(145)**	(18)	63
Change in payables and accrued liabilities			
– third parties	**(42)**	18	142
– related parties	**64**	(24)	(92)
Change in deferred charges and other assets	**(9)**	(28)	(59)
Change in deferred credits and other liabilities	**(14)**	48	37
Other – net	**(15)**	7	(12)
Cash from operating activities	**224**	444	410
FINANCING ACTIVITIES			
Proceeds from issuance of new debt			
– third parties	**575**	500	105
– related parties	**1,561**	471	–
Debt repayments			
– third parties	**(993)**	–	–
– related parties	**(5)**	–	(50)
Short-term borrowings – net			
– third parties	**(774)**	577	(75)
– related parties	**221**	(29)	(66)
Dividends – minority interest	**(4)**	–	(2)
Net payments to Alcan	**(1,512)**	(592)	(153)
Cash from (used for) financing activities	**(931)**	927	(241)
INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	**(165)**	(189)	(179)
Business acquisitions, net of cash and time deposits acquired	**–**	(11)	–
Proceeds from disposal of businesses, investments and other assets, net of cash	**1**	33	24
Change in loans receivable – related parties	**874**	(1,210)	(2)
Cash from (used for) investment activities	**710**	(1,377)	(157)
Effect of exchange rate changes on cash and time deposits	**1**	2	2
Increase (Decrease) in cash and time deposits	**4**	(4)	14
Cash and time deposits – beginning of year	**27**	31	17
Cash and time deposits – end of year	**31**	27	31

The accompanying notes are an integral part of the financial statements.

The Novelis Group

COMBINED STATEMENT OF INVESTED EQUITY
Year ended December 31
(in millions of US$)

	Comprehensive Income (Loss)	Owner's Net Investment	Accumulated Other Comprehensive Income (Loss)	Total Invested Equity
Balance at end of 2001		2,376	(142)	2,234
Net Loss – 2002	(9)	(9)		(9)
Other comprehensive income:				
Net change in deferred translation adjustments	129			
Net change in minimum pension liability – net of taxes of $4	(6)		123	123
Comprehensive income	114			
Transfers (to)/from Alcan – net*		(167)		(167)
Balance at end of 2002		2,200	(19) a	2,181
Net income – 2003	157	157		157
Other comprehensive income:				
Net change in deferred translation adjustments	102			
Net change in minimum pension liability – net of taxes of ($3)	1		103	103
Comprehensive income	260			
Transfers (to)/from Alcan – net*		(467)		(467)
Balance at end of 2003		1,890	84 b	1,974
Net income – 2004	**55**	**55**		**55**
Other comprehensive income:				
Net change in deferred translation adjustments	**30**			
Net change in minimum pension liability – net of taxes of $15	**(26)**		**4**	**4**
Comprehensive income	**59**			
Transfers (to)/from Alcan – net*		**(1,478)**		**(1,478)**
Balance at end of 2004		**467**	**88** c	**555**

* *Refer to note 2 – Basis of Presentation – Cash Management for discussion of these amounts.*

a. Comprised of deferred translation adjustments of ($12) and minimum pension liability of ($7).
b. Comprised of deferred translation adjustments of $90 and minimum pension liability of ($6).
c. Comprised of deferred translation adjustments of $120 and minimum pension liability of ($32).

The accompanying notes are an integral part of the financial statements.

1. NATURE OF OPERATIONS

On May 18, 2004, Alcan Inc. (Alcan) announced its intention to separate its rolled products business into a separate company and to pursue a spin-off of that business to its shareholders. The rolled products businesses were managed under two separate operating segments within Alcan, Rolled Products Americas and Asia and Rolled Products Europe. Alcan and its subsidiaries contributed and on January 6, 2005, transferred to a new public company, Novelis Inc. (the Company or Novelis), substantially all of the aluminum rolled products businesses operated by Alcan prior to its 2003 acquisition of Pechiney, together with some of Alcan's alumina and primary metal-related businesses in Brazil, which are fully integrated with the rolled products operations there, as well as four former Pechiney rolling facilities in Europe, as their end-use markets and customers are more similar to those of Novelis. Included within the Group are the assets, liabilities and operations relating to the portions of the Sierre and Neuhausen facilities transferred to the Group, and comprising certain assets and liabilities of the automotive and other aluminum rolled products businesses relating to the sales and marketing output of the Sierre North Building as well as various laboratory and testing equipment used in the aluminum rolling sheet business in Neuhausen. These businesses formed the Novelis Group (the Group) prior to the spin-off on January 6, 2005. Novelis, which was formed on September 21, 2004, acquired the Novelis Group businesses on January 6, 2005, through the reorganization transactions described above.

On January 6, 2005, the spin-off occurred following the approval by Alcan's Board of Directors and shareholders, and the receipt of other required legal and regulatory approvals. Alcan shareholders received one Novelis common share for every five Alcan common shares held. Common shares of Novelis began trading on a "when issued" basis on the Toronto (TSX) and New York (NYSE) stock exchanges on January 6, 2005, with a distribution record date of January 11, 2005. "Regular Way" trading began on the TSX on January 7, 2005, and on the NYSE on January 19, 2005.

The Novelis Group excludes the aluminum rolled products businesses that were retained by Alcan that consist primarily of: (1) facilities in Singen, Germany and a portion of the plant located in Sierre, Switzerland discussed below; (2) the Neuf-Brisach and Ravenswood facilities acquired in connection with the Pechiney acquisition; and (3) facilities acquired in connection with the Pechiney acquisition that produce plate and aerospace products and which have been attributed to Alcan's Engineered Products operating segments. The Singen plant in Germany supplies three operating segments within Alcan, Rolled Products Europe, Engineered Products and Packaging. The products sold by the Singen rolled products operations are used primarily as raw materials for the Engineered Products and Packaging segments and therefore, the entire facility remains with Alcan. Also, the Sierre plant in Switzerland forms part of two operating segments, Engineered Products in addition to Rolled Products Europe. A portion of the Sierre plant that manufactures plate products remains with Alcan as Novelis has entered into a non-competition agreement with Alcan with respect to these products. The Neuf-Brisach rolling facility in France remained with Alcan in order to meet the European regulatory requirement for the separation of Neuf-Brisach and the AluNorf/Göttingen/Nachterstedt rolling facilities in Germany, which were transferred to the Company. Alcan also retained the Ravenswood, West Virginia, rolling mill, consistent with the requirements of the U.S. Department of Justice's (DOJ) divestiture order relating to an overlap in a non-aerospace related product line with the Oswego, New York, rolling mill, which was transferred to the Company.

The Group produces aluminum sheet and light gauge products where the end-use destination of the products includes the construction and industrial, beverage and food cans, foil products and transportation markets. The Group operates in four continents, North America, South America, Asia and Europe through 37 operating plants and three research facilities in 12 countries. In addition to aluminum rolled products plants, the Group's South American businesses include bauxite mining, aluminum refining and smelting facilities that are integrated with the rolling plants in Brazil.

Agreements between Novelis and Alcan

Novelis has entered into various agreements with Alcan for the use of transitional and technical services, the supply of Alcan's metal and alumina, the licensing of certain of Alcan's patents, trademarks and other intellectual property rights, and the use of certain buildings, machinery and equipment, technology and employees at certain facilities retained by Alcan, but required in Novelis' business.

2. BASIS OF PRESENTATION

The combined financial statements are presented using accounting principles generally accepted in the United States of America (U.S. GAAP) and have been derived from the accounting records of Alcan using the historical results of operations and historical basis of assets and liabilities of the businesses comprising the Group. The Group has elected to use the U.S. dollar as its reporting currency. Management believes the assumptions underlying the combined financial statements, including the allocations described below, are reasonable. However, the combined financial statements included herein may not necessarily reflect the Group's results of operations, financial position and cash flows in the future or what its results of operations, financial position and cash flows would have been had the Group been a stand-alone company during the periods

2. BASIS OF PRESENTATION (cont'd)

presented. As these financial statements represent a portion of the businesses of Alcan which do not constitute a separate legal entity, the net assets of the Group have been presented as Owner's net investment in the Group. Alcan's investment in the Group includes the accumulated earnings of the Group as well as cash transfers related to cash management functions performed by Alcan.

The combined financial statements include allocations of certain Alcan expenses, assets and liabilities, including the items described below.

General Corporate Expenses

Alcan has allocated general corporate expenses to the Group based on average head count and capital employed. Capital employed represents total assets less Payables and accrued liabilities and Deferred credits and other liabilities. These allocations are reflected in Selling, general and administrative expenses in the combined statement of income. The general corporate expenses allocations are primarily for human resources, legal, treasury, insurance, finance, internal audit, strategy and public affairs and amounted to $34, $24 and $28 for the years ended December 31, 2004, 2003 and 2002, respectively. Total head office costs, including the amounts allocated, amounted to $54, $42 and $47 for the years ended December 31, 2004, 2003 and 2002, respectively. The costs allocated are not necessarily indicative of the costs that would have been incurred if the Group had performed these functions as a stand-alone company, nor are they indicative of costs that will be charged or incurred in the future. Subsequent to the completion of the spin-off, the Group will perform these functions using its own resources or purchased services; however, for an interim period, these services will continue to be provided by Alcan, as described in note 1 – Nature of Operations – Agreements Between Novelis and Alcan. It is not practicable to estimate the amount of expenses the Group would have incurred for the years ended December 31, 2004, 2003 and 2002 had it been an unaffiliated entity of Alcan in each of those periods.

Pensions and Post-Retirement Benefits

Certain businesses included in the Group have pension obligations mostly comprised of defined benefit plans in the U.S. and the U.K., unfunded pension benefits in Germany and lump sum indemnities payable upon retirement to employees of businesses in France, Korea and Malaysia. These pension benefits are managed separately and the related assets, liabilities and costs are included in the combined financial statements.

Alcan manages defined benefit plans in Canada, the U.S., the U.K. and Switzerland that include some of the entities of the Group. The Group's share of these plans' assets and liabilities is not included in the combined balance sheet. The combined statement of income, however, includes an allocation of the costs of the plans that varies depending on whether the entity is a subsidiary or a division of Alcan. Pension costs of divisions of Alcan included in the Group are allocated based on the following methods: service costs were allocated based on a percentage of payroll costs; interest costs, the expected return on assets, and amortization of actuarial gains and losses were allocated based on a percentage of the projected benefit obligation (PBO); and prior service costs were allocated based on headcount. The total allocation of such pension costs amounted to $13, $15 and $14 for the years ended December 31, 2004, 2003 and 2002, respectively. Pension costs of subsidiaries of Alcan included in the Group are accounted for on the same basis as a multi-employer pension plan whereby the subsidiaries' contributions for the period are recognized as net periodic pension cost. The total contributions of the subsidiaries amounted to $1, $3 and $2 for the years ended December 31, 2004, 2003 and 2002, respectively.

Alcan provides post-retirement benefits in the form of unfunded healthcare and life insurance benefits to retired employees in Canada and United States that include retired employees of some of the Group's businesses. The Group's share of these plans' liabilities is included in the combined balance sheets and the Group's share of these plans' costs is included in the combined statement of income.

Income Taxes

Income taxes are calculated as if all of the Group's operations had been separate tax paying legal entities, each filing a separate tax return in its local tax jurisdiction. For jurisdictions where there is no tax sharing agreement, amounts currently payable have been included in the Owner's net investment.

Cash Management

Cash and cash equivalents in the combined balance sheets are comprised of the cash and cash equivalents of the Group's businesses, primarily in South America, Asia and parts of Europe, that perform their own cash management functions.

2. BASIS OF PRESENTATION (cont'd)

Historically, Alcan has performed cash management functions on behalf of certain of the Group's businesses primarily in North America, the United Kingdom, and parts of Europe. Cash deposits from these businesses are transferred to Alcan on a regular basis. As a result, none of Alcan's cash and cash equivalents has been allocated to the Group in the combined financial statements. Transfers to and from Alcan are netted against the Owner's net investment. Subsequent to the spin-off, the Group has become responsible for its own cash management functions.

Interest Expense

The Group obtains short and long-term financing from third parties as well as related parties. Interest is charged on all short and long-term debt and is included in Interest in the combined statement of income.

Historically, Alcan provided certain financing to the Group and incurred third party debt at the parent level. This financing is reflected in the combined balance sheet within the amounts due to Alcan and is interest bearing as described in note 11 – Related Party Transactions. As a result of this arrangement, the combined financial statements do not include an allocation of additional interest expense. The Group's interest expense as a stand-alone company may be higher than reflected in the combined statement of income.

Derivatives

The Group primarily enters into derivative contracts with Alcan to manage its foreign currency and commodity price risk. These contracts are reported at their fair value on the combined balance sheets. Changes in the fair value of these contracts are recorded in the combined statement of income.

Stock Options

Stock-options expense and other stock-based compensation expense in the combined statement of income include the Alcan expenses related to the fair value of awards held by certain employees of Alcan's Rolled Products businesses during the periods presented as well as an allocation, calculated based on the average of headcount and capital employed, for Alcan's corporate office employees. These expenses are not necessarily indicative of what the expenses would have been had the Group been a separate stand-alone company during the periods presented.

Earnings Per Share

Prior to the spin-off, the Group was not a separate legal entity with common shares outstanding. Therefore, historical earnings per share have not been presented in the combined financial statements. Earnings per share have been presented using the Novelis common shares outstanding immediately after completion of the spin-off on January 6, 2005.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Business Combinations

All business combinations are accounted for under the purchase method. Under the purchase method, assets and liabilities of the acquired entity are recorded at fair value. The excess of the purchase price over the fair value of the assets and liabilities acquired is recorded as goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Principles of Combination

The combined financial statements include the assets and liabilities of the Group as well as a variable interest entity, in which the Group is the primary beneficiary. Investments in entities over which the Group has significant influence are accounted for using the equity method. Under the equity method, the Group's investment is increased or decreased by the Group's share of the undistributed net income or loss and deferred translation adjustments since acquisition. Investments in joint ventures are accounted for using the equity method. Other investments are accounted for using the cost method. Under the cost method, dividends received are recorded as income.

All inter-group balances and transactions, including profits in inventories, between and among the Group's businesses have been eliminated.

Foreign Currency

The assets and liabilities of foreign operations, whose functional currency is other than the U.S. dollar (located principally in Europe and Asia), are translated into U.S. dollars at the year-end exchange rates. Revenues and expenses are translated at average exchange rates for the year. Differences arising from exchange rate changes are included in the Deferred translation adjustments (DTA) component of Accumulated other comprehensive income. If there is a reduction in the Group's ownership in a foreign operation, the relevant portion of DTA is recognized in Other expenses (income) – net. All other operations, including most of those in Canada and Brazil, have the U.S. dollar as the functional currency. For these operations, monetary items denominated in currencies other than the U.S. dollar are translated at year-end exchange rates and translation gains and losses are included in income. Non-monetary items are translated at historical rates.

The Group has entered into foreign currency contracts to hedge certain future, identifiable foreign currency revenue and operating cost exposures. All such contracts are reported at fair value on the combined balance sheet. For contracts qualifying as cash flow hedges, the effective portion of the changes in fair value is recorded in Other comprehensive income and reclassified to Sales and operating revenues, Cost of sales and operating expenses, or Depreciation and amortization, as applicable, concurrently with the recognition of the underlying item being hedged. The portion of the change in the contract's fair value that is not effective at offsetting the hedged exposure is recorded in Other expenses (income) – net. For contracts qualifying as fair value hedges, changes in fair value are recorded in the statement of income together with the changes in the fair value of the hedged item. For contracts not qualifying as hedges, changes in fair value are recorded in Other expenses (income) – net.

Revenue Recognition

Revenue from product sales, net of trade discounts and allowances, is recognized once delivery has occurred provided that persuasive evidence of an arrangement exists, the price is fixed or determinable, and collectibility is reasonably assured. Delivery is considered to have occurred when title and risk of loss have transferred to the customer. Revenue from services is recognized as services are rendered and accepted by the customer.

Shipping and Handling Costs

Amounts charged to customers related to shipping and handling are included in Sales and operating revenues, and related shipping and handling costs are recorded in Cost of sales and operating expenses.

Commodity Contracts

Generally, all of the forward metal contracts serve to hedge certain future identifiable aluminum price exposures. For these contracts, the fair values of the derivatives are recorded on the combined balance sheet. For contracts qualifying as cash flow hedges, the effective portions of the changes in fair value are recorded in Other comprehensive income and are reclassified, together with related hedging costs, to Sales and operating revenues or Cost of sales and operating expenses, concurrently with the recognition of the item being hedged or in the period that the derivatives no longer qualify as cash flow hedges. For contracts not qualifying as hedges, changes in their fair value are recorded in Other expenses (income) – net.

All natural gas and electricity futures contracts, swaps and options are recorded at fair value on the balance sheet. For contracts qualifying as cash flow hedges, the effective portions of the changes in the fair value are recorded in Other comprehensive income and are reclassified to the statement of income concurrently with the recognition of the underlying item being hedged or in the period that the derivatives no longer qualify as cash flow hedges. For contracts not qualifying for hedge accounting, changes in fair value are recorded in Other expenses (income) – net.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Physical metal purchase and sales contracts are generally not recorded at fair value because either they are not derivative instruments or they are "normal purchases or normal sales", as they involve quantities that are expected to be used or sold in the normal course of business over a reasonable period of time.

Interest Rate Swaps

The Group enters into interest rate swap agreements to manage its exposure to fluctuations in interest rates on certain long-term debt. These swaps are marked-to-market in the financial statements and all changes in fair value are recorded in Other expenses (income) – net.

Inventories

Aluminum, raw materials and other supplies inventories are stated at cost (determined for the most part on the monthly average cost method) or net realizable value, whichever is lower. Cost includes material, labour and manufacturing overhead costs.

Capitalization of Interest Costs

The Group capitalizes interest costs associated with the financing of major capital expenditures up to the time the asset is ready for its intended use.

Sale of Receivables

When the Group sells certain receivables, it retains servicing rights, which constitute retained interests in the sold receivables. No servicing asset or liability is recognized in the financial statements as the fees received by the Group reflect the fair value of the cost of servicing these receivables. The related purchase discount is included in Other expenses (income) – net.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Additions, improvements and major renewals are capitalized; normal maintenance and repair costs are expensed. Depreciation is calculated on the straight-line method using rates based on the estimated useful lives of the respective assets. The principal rates range from 2% to 10% for buildings and structures, 1% to 4% for power assets and 3% to 20% for chemical, smelter and fabricating assets. Gains or losses from the sale of assets are included in Other expenses (income) – net.

Impairment or Disposal of Long-Lived Assets

The Group reviews its long-lived assets including amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. An impairment loss is recognized when the carrying amount of the assets exceeds the future undiscounted cash flows expected from the asset. Any impairment loss is measured as the amount by which the carrying amount exceeds the fair value. Such evaluations for impairment are significantly impacted by estimates of future prices for the Group's product, capital needs, economic trends in the market and other factors. Quoted market values are used whenever available to estimate fair value. When quoted market values are unavailable, the fair value of the long-lived asset is generally based on estimates of discounted expected net cash flows. Assets to be disposed of by sale are reflected at the lower of their carrying amount or fair value less cost to sell and are not depreciated while classified as held for sale.

Goodwill

Goodwill is tested for impairment on an annual basis at the reporting unit level and is also tested for impairment when events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below the carrying value. Fair value is determined using discounted cash flows.

Intangible Assets

Intangible assets are primarily trademarks and patented and non-patented technology, all of which have finite lives. Intangible assets are recorded at cost less accumulated amortization and are amortized over their useful life, which is generally 15 years, using the straight-line method of amortization.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Legal Claims

Accruals for legal claims are made when it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated.

Environmental Costs and Liabilities

Environmental costs that are not legal asset retirement obligations are expensed or capitalized, as appropriate. Environmental expenditures of a capital nature that extend the life, increase the capacity or improve the safety of an asset or that mitigate or prevent environmental contamination that has yet to occur are included in Property, plant and equipment and are depreciated generally over the remaining useful life of the underlying asset. Expenditures relating to existing conditions caused by past operations, and which do not contribute to future revenues, are expensed when probable and estimable and are normally included in Cost of sales and operating expenses except for large, unusual amounts, which are included in Other expenses (income) – net. Recoveries relating to environmental liabilities are recorded when received.

Pensions and Post-Retirement Benefits

As described in note 2 – Basis of Presentation, certain entities within the Group manage their defined benefit pension plans separately from those of Alcan. Using appropriate actuarial methods and assumptions, these defined benefit pension plans are accounted for in accordance with the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 87, Employers' Accounting for Pensions. Pension and post-retirement benefit obligations for these plans are actuarially calculated using management's best estimates and based on expected service period, salary increases and retirement ages of employees. Pension and post-retirement benefit expense includes the actuarially computed cost of benefits earned during the current service period, the interest cost on accrued obligations, the expected return on plan assets based on fair market value and the straight-line amortization of net actuarial gains and losses and adjustments due to plan amendments. Pension expense also includes the contributions of subsidiaries and the pension expense allocation of divisions that participate in Alcan plans, as described in note 2 – Basis of Presentation. All net actuarial gains and losses are amortized over the expected average remaining service life of the employees.

Stock Options and Other Stock-Based Compensation

The Group accounts for stock options granted to certain employees of Alcan's Rolled Products businesses under Alcan's share option plan using the fair value provisions of SFAS No. 123, Accounting for Stock-Based Compensation. Under the fair value method, stock-based compensation expense is recognized in the statement of income over the applicable vesting period. Other stock-based compensation arrangements granted to certain employees of Alcan's Rolled Products businesses, that can be settled in cash and are based on the change in the Alcan common share price during the period, are recognized in income over the vesting period of awards. Stock-based compensation expense is recorded in Selling, general and administrative expenses in the statement of income.

Income Taxes

Income taxes are accounted for under the liability method (also refer to note 2 – Basis of Presentation). Under the liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

This method also requires the recognition of future tax benefits such as net operating loss carryforwards, to the extent that realization of such benefits is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Cash and Time Deposits

All time deposits have original maturities of 90 days or less and qualify as cash equivalents.

Allowance For Doubtful Accounts

The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the trade receivables balance. Management determines the allowance based on known doubtful accounts, historical experience, and other currently available evidence.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recently Issued Accounting Standards

Share-Based Payment

In December 2004, the FASB issued SFAS No. 123 (Revised 2004), Share-Based Payment, **(**SFAS No. 123(R)**)**, which is a revision to SFAS 123, Accounting for Stock-Based Compensation. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. SFAS No. 123(R) is effective July 1, 2005. Alcan adopted the fair-value based method of accounting for share-based payments effective January 1, 2004 using the retroactive restatement method described in SFAS No. 148, Accounting for Stock-Based Compensation – Transition and Disclosure (see note 4 – Accounting Changes – Stock Options and Other Stock-Based Compensation). Currently, Alcan uses the Black-Scholes formula to estimate the value of stock options granted to employees. The Group does not anticipate that the adoption of SFAS No. 123(R) will have a material impact on its results of operations or its financial position.

Inventory Costs

In November 2004, the FASB issued SFAS No. 151, Inventory Costs – an amendment to ARB 43, Chapter 4. This statement amends the guidance in Accounting Research Bulletin (ARB) No. 43, Chapter 4, "Inventory Pricing", to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). ARB 43 previously stated that these expenses may be so abnormal as to require treatment as current period charges. SFAS No. 151 requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal". In addition, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. Prospective application of this statement is required beginning January 1, 2006. The Group does not expect its financial statements to be significantly impacted by this statement.

Exchanges of Nonmonetary Assets

In December 2004, the FASB issued SFAS No. 153, Exchanges of Nonmonetary Assets – an amendment of APB Opinion No. 29. This statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. Prospective application of this statement is required beginning January 1, 2006. The Group does not expect its financial statements to be significantly impacted by this statement.

4. ACCOUNTING CHANGES

Stock Options and Other Stock-Based Compensation

Effective January 1, 2004, Alcan retroactively adopted the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation for stock options granted to employees. These combined financial statements include the compensation cost for options granted to certain employees of the Group. Beginning January 1, 1999, all periods have been restated to reflect compensation cost as if the fair value method had been applied for awards issued to these employees after January 1, 1995.

Consolidation of Variable Interest Entities

Effective January 1, 2004, the Group adopted FASB Interpretation No. 46 (revised December 2003) (FIN 46(R)), Consolidation of Variable Interest Entities. In 2004, the Group became the primary beneficiary of Logan Aluminum Inc. (Logan), a variable interest entity. As a result, the combined balance sheet includes the assets and liabilities of Logan. Logan is a joint venture that manages a tolling arrangement for the Group and an unrelated party.

At the date of adoption of FIN 46(R), assets of $38 and liabilities of $38 related to Logan that were previously not recorded on the combined balance sheet were recorded by the Group. Prior periods were not restated. The Group's investment, plus any unfunded pension liability related to Logan totalled approximately $37 and represented the Group's maximum exposure to loss. Creditors of Logan do not have recourse to the general credit of the Group as a result of including it in the Group's financial statements.

4. ACCOUNTING CHANGES (cont'd)

Goodwill and Other Intangible Assets

On January 1, 2002, the Group adopted SFAS No. 142, Goodwill and Other Intangible Assets. Under this standard, goodwill and other intangible assets with an indefinite life are no longer amortized but are carried at the lower of carrying value and fair value. Goodwill and other intangible assets with an indefinite life are tested for impairment on an annual basis.

Goodwill is tested for impairment using a two-step test. Under the first step, the fair value of a reporting unit, based upon discounted cash flows, is compared to its net carrying amount. If the fair value is greater than the carrying amount, no impairment is deemed to exist. However, if the fair value is less than the carrying amount, a second test must be performed whereby the fair value of the reporting unit's goodwill must be estimated to determine if it is less than its carrying amount. Fair value of goodwill is estimated in the same way as goodwill is determined at the date of acquisition in a business combination, that is, the excess of the fair value of the reporting unit over the fair value of the identifiable net assets of the reporting unit.

An impairment of $84 was identified in the goodwill balance as at January 1, 2002, and was charged to income as a cumulative effect of accounting change in 2002 upon adoption of the new accounting standard. Any further impairment arising subsequent to January 1, 2002, is taken as a charge against income. As a result of the new standard, the Group no longer amortizes goodwill.

Impairment or Disposal of Long-Lived Assets

In 2002, the Group adopted SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Under this standard, an impairment loss is recognized when the carrying amount of a long-lived asset held for use is not recoverable and exceeds its fair value. No impairment charges were recorded upon adoption of this new standard. Impairment charges recorded are described in note 8 – Restructuring Programs and note 14 – Other Expenses (Income) – Net.

Under this standard, a long-lived asset to be disposed of by sale is measured at the lower of its carrying amount or fair value less cost to sell, and is not depreciated while classified as held for sale. Assets and liabilities classified as held for sale are reported as assets held for sale and liabilities of operations held for sale on the balance sheet. A long-lived asset to be disposed of other than by sale, such as by abandonment, before the end of its previously estimated useful life, is classified as held for use until it is disposed of and depreciation estimates revised to reflect the use of the asset over its shortened useful life. Also, the standard requires that the results of operations of a component of an enterprise, that has been disposed of either by sale or abandonment or is classified as held for sale, be reported as discontinued operations if the operations and cash flows of the component have been, or will be, eliminated from the ongoing operations as a result of the disposal transaction and the Group will not have any significant continuing involvement in the operations of the component after the disposal transaction. A component of an enterprise comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the enterprise.

Derivatives

On July 1, 2003, the Group adopted SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. This standard amends and clarifies financial accounting and reporting for derivatives and for hedging activities under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. This standard has no impact on the Group's financial statements.

Costs Associated with Exit or Disposal Activities

On January 1, 2003, the Group prospectively adopted SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This standard requires that a liability associated with an exit or disposal activity be recognized when the liability is incurred rather than at the date of the Group's commitment to an exit plan.

Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity

On July 1, 2003, the Group adopted SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. This standard requires that certain financial instruments embodying an obligation to transfer assets or to issue equity securities be classified as liabilities. This standard has no impact on the Group's financial statements.

5. EARNINGS PER SHARE

The number of Novelis shares used to compute basic and diluted earnings per share was based on the number of Novelis common shares outstanding on January 6, 2005, which was 73,988,932, as required by Article 11 of Regulation S-X, Pro Forma Financial Information. The treasury stock method for calculating the dilutive impact of stock options is used. The following table outlines the calculation of basic and diluted earnings per share on income before cumulative effect of accounting change.

	2004	2003	2002
Numerator:			
Income before cumulative effect of accounting change	**55**	157	75
Denominator (number of common shares in millions):			
Outstanding shares on January 6, 2005	**73.99**	73.99	73.99
Effect of dilutive stock options	**0.44**	0.44	0.44
Adjusted number of outstanding shares	**74.43**	74.43	74.43
Earnings per share – basic (in US$)	**0.74**	2.12	1.01
Earnings per share – diluted (in US$)	**0.74**	2.11	1.00

Options to purchase an aggregate of 1,356,735 Alcan common shares were held by the Group's employees as at December 31, 2004. Of these, 685,285 options to purchase Alcan common shares at an average exercise price of CAN$38.86 ($29.96) per share are dilutive for the periods presented. These dilutive stock options are equivalent to 443,351 Novelis common shares. The number of antidilutive Alcan options held by the Group's employees as at December 31, 2004 is 671,450.

6. SALES, ACQUISITIONS AND TRANSFER OF BUSINESSES

2003

Canada, United States, and Other Europe
In December 2003, Alcan completed the acquisition of Pechiney in a public offer for a cost of $5,458, net of cash and time deposits acquired. A portion of the acquisition cost, relating to four Pechiney plants in three countries that are included in the Group, was allocated to the Group and accounted for as additional invested equity. As this transaction represented a transfer of these plants to the Group rather than an acquisition by the Group, there were no cash outflows incurred by the Group. The four plants comprise rolled products operations in foil, painted sheet and circles. The business combination was accounted for using the purchase method. The net assets of the Pechiney plants are included in the combined financial statements commencing on December 31, 2003 and the results of operations and cash flows have been included in the combined financial statements beginning January 1, 2004.

Allocation of the purchase price involves estimates and information gathering during months following the date of the combination. Given the magnitude of the acquisition of Pechiney and due to the fact that the transaction was completed at the end of 2003, a tentative purchase price allocation was performed at December 31, 2003 and the final valuation was completed in 2004. The revisions resulted in an increase in goodwill of $183 as indicated below.

Fair value of net assets acquired at date of acquisition

	Final Purchase Price Allocation	Tentative Purchase Price Allocation
Trade receivables	**82**	82
Inventories	**101**	101
Property, plant and equipment(2)	**84**	70
Goodwill(1)	**228**	45
Total assets	**495**	298
Payables and accrued liabilities(2)	**158**	139
Debt not maturing within one year	**4**	4
Deferred credits and other liabilities	**18**	14
Deferred income taxes – non-current	**18**	13
Fair value of net assets acquired at date of acquisition (net of cash and time deposits acquired of $5)	**297**	128

(1) See note 7 – Goodwill and Intangible Assets.
(2) Include $19 of asset impairment charges and $19 of restructuring costs as described in note 8 – Restructuring Programs.

6. SALES, ACQUISITIONS AND TRANSFER OF BUSINESSES (cont'd)

The goodwill is generally not deductible for tax purposes.

The differences between the tentative and final purchase price allocations are principally due to the completion of the final valuation of property, plant and equipment; the recording of liabilities for costs to exit certain operations of Pechiney; and the finalization of the goodwill to the reporting units.

Asia and Other Pacific
In the first quarter of 2003, the Group increased its ownership in Alcan Taihan Aluminium Limited by 6.81% at a cost of $5.

In the third quarter of 2003, the Group increased its ownership position in Aluminium Company of Malaysia, a manufacturer of light gauge aluminum products, from 36% to 59% by acquiring additional shares, with a value of $30, from Nippon Light Metal Company, Ltd (NLM) in exchange for its ownership in Alcan Nikkei Siam Limited in Rangsit, Thailand, with a value of $24, and a cash payment of $6.

In December 2003, the Group sold the extrusions operations of Aluminium Company of Malaysia, for net proceeds of $2. A pre-tax amount of $6, which is included in Other expenses (income) – net, consists of a favourable adjustment to a previously recorded impairment provision.

Other
In 2003, the Group sold its Borgofranco power facilities in Italy (Novelis Europe) and recorded a gain of $19 in Other expenses (income) – net.

7. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill for the year ended December 31, 2004, are as follows:

	BALANCE AS AT JANUARY 1, 2004	**ADDITIONS**	**DEFERRED TRANSLATION ADJUSTMENTS**	**ADJUSTMENTS***	**IMPAIRMENT LOSSES**	**BALANCE AS AT DECEMBER 31, 2004**
Novelis Europe	**69**	–	**4**	**183**	–	**256**

* In 2004, adjustments are due to changes to the tentative purchase price allocation related to the Pechiney acquisition. See note 6 – Sales, Acquisitions and Transfer of Businesses.

The changes in the carrying amount of goodwill for the year ended December 31, 2003, are as follows:

	BALANCE AS AT JANUARY 1, 2003	ADDITIONS	DEFERRED TRANSLATION ADJUSTMENTS	ADJUSTMENTS	IMPAIRMENT LOSSES	BALANCE AS AT DECEMBER 31, 2003
Novelis Europe	21	45	3	–	–	69

The changes in the carrying amount of goodwill for the year ended December 31, 2002, are as follows:

	BALANCE AS AT JANUARY 1, 2002	ADDITIONS	DEFERRED TRANSLATION ADJUSTMENTS	ADJUSTMENTS	IMPAIRMENT LOSSES	BALANCE AS AT DECEMBER 31, 2002
Novelis Europe	98	–	2	5	(84)	21

In accordance with SFAS No. 142, the Group completed an initial review to determine whether, at January 1, 2002, there was an impairment in the goodwill balance. As a result of this review, an impairment loss of $84 was recognized in income in 2002 as a cumulative effect of accounting change. The impairment reflected the decline in end-market conditions in the period from the algroup merger in October 2000 to January 1, 2002. The fair value of all reporting units was determined using discounted future cash flows. Annual tests were also completed in 2002, 2003 and 2004 and no further impairment was identified.

7. GOODWILL AND INTANGIBLE ASSETS (cont'd)

Intangible Assets with Finite Lives

	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET BOOK VALUE
		DECEMBER 31, 2004	
Trademarks	**14**	**4**	**10**
Patented and non-patented technology	**21**	**5**	**16**
Prior pension service costs (NOTE 24)	**9**	**–**	**9**
	44	**9**	**35**
		DECEMBER 31, 2003	
Trademarks	11	2	9
Patented and non-patented technology	17	4	13
Prior pension service costs (NOTE 24)	4	–	4
	32	6	26
		DECEMBER 31, 2002	
Trademarks	10	2	8
Patented and non-patented technology	16	2	14
Prior pension service costs (NOTE 24)	1	–	1
	27	4	23

The aggregate amortization expense for the year ended December 31, 2004 was $2 (2003: $2; 2002: $2). The estimated amortization expense for the five succeeding fiscal years is approximately $2 per year.

8. RESTRUCTURING PROGRAMS

2004 Restructuring Activities

In line with its objective of value maximization, the Group undertook various restructuring initiatives in 2004.

Pechiney

In 2004, the Group recorded liabilities of $19 for restructuring costs in connection with the exit of certain operations of Pechiney and these costs were recorded in the allocation of the purchase price. See note 6 – Sales, Acquisitions and Transfer of Businesses. These costs relate to a plant closure in Flemalle, Belgium (Novelis Europe) and comprise $17 of severance costs and $2 of other charges. No further charges are expected to be incurred in relation to this plant closure.

Other 2004 Restructuring Activities

The Group incurred restructuring charges of $19 in 2004 relating to the consolidation of its U.K. aluminum sheet rolling activities in Rogerstone, Wales (Novelis Europe) in order to improve competitiveness through better capacity utilization and economies of scale. Production ceased at the rolling mill in Falkirk, Scotland (Novelis Europe) in December 2004 and the facility is expected to close during the first quarter of 2005. The charges include $6 of severance costs, $8 of asset impairment charges, $2 of pension costs, $2 of decommissioning and environmental costs and $1 of other charges, which were recorded in Other expenses (income) – net in the statement of income.

The Group incurred restructuring charges of $3 in 2004, relating to the closure of a corporate office in Germany (Other), comprised of $2 for severance costs and $1 related to costs to consolidate facilities, which were recorded in Other expenses (income) – net in the statement of income. No further charges are expected to be incurred in relation to this restructuring activity.

8. RESTRUCTURING PROGRAMS (cont'd)

2001 Restructuring Program

In 2001, Alcan implemented a restructuring program, resulting in a series of plant sales, closures and divestments throughout the organization. A detailed business portfolio review was undertaken in 2001 to identify high cost operations, excess capacity and non-core products. Impairment charges arose as a result of negative projected cash flows and recurring losses. These charges related principally to buildings, machinery and equipment. This program was essentially completed in 2003.

In 2004, the Group recorded recoveries related to the 2001 restructuring program comprised of $7 gain on the sale of assets related to the closure of facilities in Glasgow, U.K. (Novelis Europe) and a write-back of $1 relating to a provision in the U.S. (Novelis North America).

In 2003, the Group recorded restructuring recoveries of $24 in Other expenses (income) – net. The $24 recovery consists of $3 for the reversal of an excess redundancy provision in the U.K. (Novelis Europe), a gain of $19 principally for the sale of the Borgofranco power facilities in Italy (Novelis Europe), income of $6 on the sale of extrusions operations in Malaysia (Novelis Asia), a gain of $4 on the sale of assets in the U.K., and partially offset by other costs of $8 mainly in the U.K. In 2003, the Group completed the closure of facilities at Glasgow, U.K., sold its extrusions operations in Malaysia for net proceeds of $2 and decided to retain the recycling operations at the Borgofranco plant in Italy and both cold mills at the light gauge operations in Fairmont, West Virginia (Novelis North America).

In 2002, the Group recorded restructuring costs of $25 in Other expenses (income) – net. The $25 charge consisted of severance costs of $9 related to workforce reductions of approximately 250 employees, impairment of long-lived assets of $13 and other costs of $3. Severance charges of $9 related primarily to the extrusions operations in Malaysia (Novelis Asia) and light gauge operations in Fairmont, West Virginia (Novelis North America). Asset impairment charges of $13 related primarily to the Borgofranco plant in Italy (Novelis Europe) and the operations in Korea (Novelis Asia). Other exit costs consisted principally of a loss of $4 on the sale of the rolled products circles production unit at Pieve, Italy (Novelis Europe), for which the Group received proceeds of $14.

The remaining provision balance of $43 as at December 31, 2004, related principally to employee severance and environmental remediation costs for which payments will be made over an extended period. The environmental remediation costs of $9 included in the provision balance, which are payable within one year, are not included in the estimated environmental clean-up costs discussed in note 20 – Commitments and Contingencies. The majority of the environmental remediation costs relate to a facility in Borgofranco, Italy. Management has calculated the provision based on current third-party costs for similar remediation activities. Management does not believe that the amount will vary materially from what is recorded as a liability.

The schedule provided below shows details of the provision balances and related cash payments for the significant restructuring activities:

	SEVERANCE COSTS	ASSET IMPAIRMENT PROVISIONS	OTHER	TOTAL
Provision balance as at December 31, 2003	**19**	**–**	**12**	**31**
2004:				
Charges recorded in the statement of income	**7**	**8**	**(1)**	**14**
Liabilities recorded in the allocation of the Pechiney purchase price	**17**	**–**	**2**	**19**
Cash payments – net	**(14)**	**–**	**(5)**	**(19)**
Non-cash charges (recoveries)	**–**	**(8)**	**6**	**(2)**
Provision balance as at December 31, 2004	**29**	**–**	**14**	**43**

9. INCOME TAXES

	2004	2003	2002
Income (Loss) before income taxes and other items			
Canada	**(25)**	(24)	(22)
Other countries	**250**	228	158
	225	204	136
Current income taxes			
Canada	**(11)**	(11)	(10)
Other countries	**80**	81	88
	69	70	78
Deferred income taxes			
Canada	**2**	4	2
Other countries	**95**	(24)	(3)
	97	(20)	(1)
Income tax provision	**166**	50	77

The composite of the applicable statutory corporate income tax rates in Canada in 2004 is 33% (2003: 32%; 2002: 32%).

The following is a reconciliation of income taxes calculated at the above composite statutory rates with the income tax provision:

	2004	2003	2002
Income taxes at the composite statutory rate	**74**	66	44
Differences attributable to:			
Withholding tax in connection with the spin-off transaction	**21**	–	–
Exchange translation items	**13**	1	(18)
Exchange revaluation of deferred income taxes	**2**	4	–
Unrecorded tax benefits – net	**42**	(14)	24
Investment and other allowances	**(3)**	(3)	(2)
Reduced rate or tax exempt items	**(2)**	(4)	5
Foreign tax rate differences	**10**	9	18
Prior years' tax adjustments	**5**	(13)	5
Other – net	**4**	4	1
Income tax provision	**166**	50	77

At December 31, the principal items included in Deferred income taxes are:

	2004	2003
Liabilities		
Property, plant, equipment and intangibles	**255**	259
Inventory valuation	**42**	11
Other – net	**51**	38
	348	308
Assets		
Tax benefit carryovers	**174**	123
Accounting provisions not currently deductible for tax	**100**	122
	274	245
Valuation allowance (amounts not likely to be recovered)	**163**	89
	111	156
Net deferred income tax liability	**237**	152
Amounts recognized in the combined balance sheet consist of:		
Deferred charges and other assets	**(12)**	–
Deferred income tax liability	**249**	152
	237	152

9. INCOME TAXES (cont'd)

The valuation allowance relates principally to loss carryforward benefits and tax credits where realization is not likely. The majority of the allowance relates to loss carryforwards of companies in Korea, the U.K., Italy and Luxembourg. The increase in the valuation allowance is primarily due to tax benefits on current year losses and accounting provisions for which realization is not likely and fluctuations in exchange rates.

Based on rates of exchange at December 31, 2004, tax benefits of approximately $127 relating to prior and current years' operating losses and $11 of benefits related to tax credits carried forward will be recognized when it is more likely than not that such benefits will be realized. These amounts are included in the valuation allowance above. Approximately $8 of these potential tax benefits expire in 2005.

The determination of the unrecorded deferred income tax liability for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are considered to be permanently reinvested is not considered practicable.

10. INVESTMENT IN NON-CONTROLLED AFFILIATES

At December 31, 2004, investments accounted for using the equity method and the ownership held by the Group include principally: Aluminium Norf GmbH (50%) and Petrocoque S.A. – Indústria E Comércio (25%). The activities of the Group's major equity-accounted investments include the aluminum rolling operations in Germany.

As described in note 4 – Accounting Changes – Consolidation of Variable Interest Entities, beginning in 2004, the Group consolidated, under the provisions of FIN 46(R), the financial statements of Logan, in which it holds a 40% interest. Prior to 2004, the Group's investment in Logan was accounted for using the equity method and the results of Logan's operations for the years ended December 31, 2003 and 2002 have been included in the combined financial information below.

A summary of the combined financial information for these equity-accounted companies is set forth below.

Summary of Combined Financial Position

	2004	2003
Current assets	**253**	216
Non-current assets	**609**	662
Total assets	**862**	878
Current liabilities	**457**	492
Non-current liabilities	**153**	160
Total liabilities	**610**	652
Net assets	**252**	226
The Group's equity in net assets	**122**	110

Summary of Combined Operations

	2004	2003	2002
Revenues	**451**	411	359
Costs and expenses	**423**	385	332
Income taxes	**11**	11	12
Net income	**17**	15	15
The Group's share of net income as reported in equity income	**6**	6	8

11. RELATED PARTY TRANSACTIONS

The table below describes the nature and amount of transactions the Group has with related parties. All of the transactions are part of the ordinary course of business and were agreed to by the Group and the related parties. Alcan refers to Alcan Inc. and its subsidiaries.

Year ended December 31	**2004**	2003	2002
Sales and operating revenues(A)			
Alcan	**450**	472	437
Cost of sales and operating expenses(A)			
Alcan	**403**	436	411
Research and development expenses(B)			
Alcan	**38**	44	49
Interest expense(C)			
Alcan	**33**	19	22
Other expense (income) net			
Service fee income(D)	**(42)**	(39)	(37)
Service fee expense(E)	**25**	26	28
Interest income	**(22)**	(4)	(1)
Derivatives(F)	**(23)**	(68)	(9)
Transfer pricing adjustment	**–**	–	44
Other	**8**	2	2
Total transactions with Alcan	**(54)**	(83)	27
Interest income from Aluminium Norf GmbH	**(2)**	(1)	(5)
	(56)	(84)	22
Purchase of inventory/tolling services			
Aluminium Norf GmbH	**203**	187	162
Alcan(G)	**1,739**	1,732	1,704

(A) The Group sells inventory to Alcan and certain investees accounted for under the equity method in the ordinary course of business.

(B) These expenses are comprised of an allocation of research and development expenses incurred by Alcan on behalf of the Group.

(C) As discussed further below as well as in note 18 – Debt Not Maturing Within One Year, the Group has various short-term and long-term debt payable to Alcan where interest is charged on both a fixed and a floating rate basis.

(D) Service fee income relates to revenues generated through sales of research and development and other corporate services to Alcan.

(E) Service fee expense relates to the purchase of corporate services from Alcan.

(F) Alcan is the counterparty to all of the Group's metal derivatives and most of the currency derivatives. Refer to note 22 – Financial Instruments and Commodity Contracts.

(G) Alcan is the primary supplier of prime and sheet ingot to the Group.

11. RELATED PARTY TRANSACTIONS (cont'd)

The table below describes the nature and amount of balances the Group has with related parties.

As at December 31	**2004**	2003
Trade receivables(A)		
Alcan	**87**	163
Other receivables		
Alcan(B)(C)(E)	**801**	1,154
Aluminium Norf GmbH	**45**	13
	846	1,167
Long-term receivables		
Alcan(C)	**2**	500
Aluminium Norf GmbH(D)	**102**	114
	104	614
Payables and accrued liabilities(A)		
Aluminium Norf GmbH	**45**	4
Alcan	**356**	282
	401	286
Short-term borrowings(F)		
Alcan	**312**	64
Debt maturing within one year(G)		
Alcan	**290**	10
Debt not maturing within one year(G)		
Alcan	**2,307**	1,011

(A) The Group purchases from and sells inventory to Alcan and purchases services from an investee accounted for under the equity method, in the ordinary course of business.

(B) Includes Trade receivables sold to Alcan in the amount of $242 (2003: $218) as described in note 13 – Sales and Forfaiting of Receivables.

(C) Alcan Aluminum Corporation Inc. (AAC), which is part of the Group, issued two $500 Floating Rate Notes (FRNs) on December 8, 2003, maturing in December 2004 and 2005, respectively, and advanced the funds including an additional $125 to Alcan as part of Alcan's financing of its acquisition of Pechiney. As at December 31, 2003, the amounts due from Alcan to AAC are included in Other receivables, for the $500 FRN due in 2004 and the $125 loan (recorded by the Group in Short-term borrowings), and in Long-term receivables for the $500 FRN due in 2005. The $125 loan, the $500 FRN due in 2005, and the $500 FRN due in 2004 were repaid to AAC in March, August and December 2004, respectively, and AAC applied the funds to repay the corresponding third-party debt.

(D) Loan to an investee accounted for under the equity method.

(E) Includes various floating rate notes totalling € 266 million (2003: € 159 million) and $55 (2003: nil) maturing within one year.

(F) Loans due to Alcan in various currencies including € 193 million (2003: nil) and GBP 20 million (2003: GBP 36 million).

(G) The Group has various loans payable to Alcan as described in note 18 – Debt Not Maturing Within One Year.

12. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the trade receivables balance. Management determines the allowance based on known uncollectable accounts, historical experience, and other currently available evidence. Activity in the allowance for doubtful accounts is as follows:

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO COSTS & EXPENSES	ACQUISITIONS	WRITE-OFFS	BALANCE AT END OF YEAR
2004	**30**	**6**	**–**	**(3)**	**33**
2003	25	5	1	(1)	30
2002	23	8	–	(6)	25

13. SALES AND FORFAITING OF RECEIVABLES

Alcan performs cash management functions on behalf of certain of the Group's businesses primarily in North America, the United Kingdom, and parts of Europe. On an ongoing basis, the Group's businesses in North America sell to Alcan an undivided interest in certain third party trade receivables, with no recourse. The third party receivables are exchanged for receivables from Alcan, which are included in Other receivables – related parties (refer to note 11 – Related Party Transactions). The consideration received by the Group for the receivables reflects the good faith determination of the Group and Alcan of the fair market value of the receivables and is equal to the consideration that the parties believe would be received in sales of the receivables between non-affiliated entities. Alcan charges the Group a servicing fee on a monthly basis which the Group charges back to Alcan as it manages the receivables. The Group acts as a service agent and administers the collection of the receivables sold. No servicing asset or liability is recognized by the Group as the fees received reflect the fair value of the cost of servicing the receivables.

An undivided interest in the trade receivables sold by the Group to Alcan is sold to a third party bank, with limited recourse, on an ongoing basis under the terms of an agreement effective December 18, 2001. The assets are isolated from Alcan and the Group and are put presumptively beyond the reach of Alcan, the Group and their respective creditors. The bank, as transferee, has the center to pledge or exchange the assets it has received, and no condition both constrains such transferee from taking advantage of its center to pledge or exchange and provides more than a trivial benefit to Alcan or the Group. Alcan does not maintain effective control over the receivables so transferred through either (a) an agreement that both entitles and obligates Alcan to repurchase the receivables before their maturity or (b) the ability to unilaterally cause the bank to return specific assets. Accordingly, the transfer of receivables by the Group to Alcan, and by Alcan to the transferee bank, have been recognized as sales pursuant to SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets & Extinguishments of Liabilities.

As at December 31, 2004, the Group sold third party trade receivables of $242 (2003: $218). In January 2005, as a result of the spin-off, this program was discontinued.

In 2004, Alcan Taihan Aluminum Limited forfaited third party receivables of $50 (2003: $34) to a financial institution. Forfaiting is a customary, ordinary-course cash management practice in the Korean marketplace where receivables typically run 60, 90, 120 days or longer.

14. OTHER EXPENSES (INCOME) – NET

Other expenses (income) – net comprise the following elements:

	2004	2003	2002
Restructuring costs	**20**	8	6
Asset impairment provisions	**75**	4	19
Loss (Gain) on disposal of fixed assets	**(5)**	(28)	1
Environmental provisions	**6**	25	–
Interest revenue	**(26)**	(7)	(16)
Exchange (gains) losses	**2**	17	3
Derivatives (gains) losses	**(69)**	(20)	(9)
Service fee expense (income) – net	**(17)**	(13)	(9)
Transfer pricing adjustment	**–**	–	44
Other	**42**	14	7
	28	–	46

14. OTHER EXPENSES (INCOME) – net (cont'd)

The 2004 restructuring costs of $20 consist principally of $14 of charges included in note 8 – Restructuring Programs. The balance relates principally to severance costs.

The 2004 asset impairment provisions consist principally of $8 of charges included in note 8 – Restructuring Programs and $65 related to the impairment of certain rolling assets in Italy (Novelis Europe) and arose as a result of negative projected cash flows. Fair values were determined based on either discounted cash flows or selling price.

The 2003 restructuring costs of $8 consist principally of $5 related to the 2001 restructuring program. These charges relate to the U.K. (Novelis Europe) and comprise $8 of employee severance and other exit costs partially offset by $3 for the reversal of an excess redundancy provision.

The 2002 restructuring costs of $6 consist principally of $9 of severance costs in Malaysia (Novelis Asia) related to the 2001 restructuring program included in note 8 – Restructuring Programs.

15. DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets comprise the following elements:

	2004	2003
Prepaid pension costs (NOTE 24)	**8**	2
Deferred income taxes (NOTE 9)	**12**	–
Investments accounted for under the equity method (NOTE 10)	**122**	110
Long-term notes and other receivables	**43**	74
Other	**8**	10
	193	196

16. PROPERTY, PLANT AND EQUIPMENT

	2004	2003
Cost (excluding Construction work in progress)		
Land and property rights	**93**	93
Buildings	**935**	848
Machinery and equipment	**4,478**	4,277
	5,506	5,218

Accumulated depreciation relates primarily to Buildings and Machinery and equipment.

17. DEFERRED CREDITS AND OTHER LIABILITIES

Deferred credits and other liabilities comprise the following elements:

	2004	2003
Post-retirement and post-employment benefits (NOTE 24)	**284**	211
Environmental liabilities (NOTE 20)	**39**	52
Restructuring liabilities	**1**	2
Claims	**83**	40
Other	**65**	57
	472	362

18. DEBT NOT MATURING WITHIN ONE YEAR

	2004	2003
DUE TO RELATED PARTIES		
Alcan Deutschland Holdings GmbH & Co. KG		
3.62%, loan, due 2008 (€ 375 million)	**508**	472
Floating rate loan, due 2006 (€ 51 million)(A)	**69**	64
Alcan Deutschland GmbH		
Floating rate loans, due 2005 (€ 214 million)(A)	**290**	268
Alcan Aluminio do Brasil Ltda		
Floating rate notes, due 2006/2007(A)	**125**	195
Alcan Aluminio S.p.A.		
Floating rate loan (A)	**–**	22
Alcan Aluminum Corporation		
5.05% Promissory Note, due 2009	**400**	–
Alcan Packaging Bridgnorth Ltd		
7.8% Promissory Note, due 2014 (£61 million) (B)	**117**	–
7.8% Promissory Note, due 2014 (£775,000) (B)	**1**	–
ARCUSTARGET INC.		
6.45% Promissory Note, due 2014 (€ 10 million) (B)	**14**	–
5.15% Promissory Note, due 2014 (CHF 245 million) (B)	**215**	–
6.45% Promissory Note, due 2014 (€ 7 million) (B)	**9**	–
7.80% Promissory Note, due 2014 (£23 million) (B)	**45**	–
7.50% Promissory Note, due 2014 (B)	**33**	–
6.45% Promissory Note, due 2014 (€ 15 million) (B)	**20**	–
6.45% Promissory Note, due 2014 (€ 83 million) (B)	**112**	–
7.50% Promissory Note, due 2014 (B)	**287**	–
7.50% Promissory Note, due 2014 (B)	**200**	–
6.45% Promissory Note, due 2014 (€ 77 million) (B)	**105**	–
Novelis Valais SA		
5.15% Promissory Note, due 2014 (CHF 35 million) (B)	**31**	–
Novelis Specialités France		
6.45% Promissory Note, due 2014 (€ 6 million) (B)	**8**	–
Novelis PAE		
6.45% Promissory Note, due 2014 (€ 6 million) (B)	**8**	–
	2,597	1,021
Debt maturing within one year included in current liabilities	**(290)**	(10)
Debt not maturing within one year due to related parties	**2,307**	1,011
DUE TO THIRD PARTIES		
Alcan Aluminum Corporation		
Floating Rate Notes, due 2005 (A) (C)	**–**	500
Alcan Taihan Aluminium Limited (D)		
4.55% Bank loan, due 2007	**70**	–
4.80% Bank loan, due 2007 (KRW 40 billion)	**39**	30
4.45% Bank loan, due 2007 (KRW 25 billion)	**24**	20
Bank loans, due 2005/2011 (KRW 2 billion)	**2**	2
Other		
Bank loans, due 2005/2009	**3**	85
Other debt, due 2005/2010	**2**	1
	140	638
Debt maturing within one year included in current liabilities	**(1)**	(132)
Debt not maturing within one year due to third parties	**139**	506

18. DEBT NOT MATURING WITHIN ONE YEAR (cont'd)

(A) Interest rates fluctuate principally with the lender's prime commercial rate, the commercial bank bill rate, or are tied to LIBOR/EURIBOR rates.

(B) These promissory notes totalling $1,205 comprise a major portion of the $1,375 bridge financing (Alcan Notes) provided by Alcan to the Group as a result of the reorganization transactions described in note 1 – Nature of Operations. The remaining balance of the Alcan Notes of $170 was obtained in January 2005. The equivalent USD interest rate of the Alcan Notes is fixed at 7.50%, subject to quarterly increases of 0.50%, not to exceed 11.50%. The Group obtained the Alcan Notes with the intention of refinancing them with third party long-term debt. The Notes were duly refinanced with the proceeds of the $1,400 10-year Senior Notes issued in February 2005 (refer to note 27 – Subsequent Events – Financing). Accordingly, the Alcan Notes have been classified as Debt not maturing within one year as at December 31, 2004.

(C) Alcan Aluminum Corporation (AAC) had the right to redeem the FRNs due December 8, 2005, at any time on or after June 8, 2004. It opted to repay the FRNs on August 6, 2004 (refer to note 11 – Related Party Transactions). The FRNs ranked equally with AAC's senior unsecured debt and were guaranteed by Alcan.

(D) In December 2004, Alcan Taihan Aluminium Limited (ATA) entered into a $70 floating rate long-term loan which was subsequently swapped for a 4.55% fixed rate KRW 73 billion loan. In 2004, ATA also entered into two new long-term floating rate loans of KRW 40 billion and KRW 25 billion that were swapped for fixed rates of 4.80% and 4.45%, respectively. These loans replace the KRW 30 billion and KRW 20 billion floating rate loans, that were outstanding in 2003 and that matured in 2004, of which $25 was swapped to fixed interest rates. Refer to note 22 – Financial Instruments and Commodity Contracts. In 2004, interest on the KRW 2 billion loans ranges from 3.00% to 5.50% (2003: 2.75% to 5.83%).

Based on rates of exchange at year-end, third party debt repayment requirements over the next five years amount to $1 in 2005, $1 in 2006, $134 in 2007, nil in 2008 and $2 in 2009. Related party debt repayments over the next five years amount to $290 in 2005, $174 in 2006, $20 in 2007, $508 in 2008 and $400 in 2009. The third party and related party debt repayments are based on the Group's debt as at December 31, 2004 and do not reflect the refinancing and/or reorganization transactions, as described in Note 27 – Subsequent Events – Financing. In 2005, all related party debt with Alcan and its subsidiaries was refinanced with third party debt.

19. STOCK OPTIONS AND OTHER STOCK-BASED COMPENSATION

Alcan Executive Share Option Plan
Under the executive share option plan, certain key employees may purchase common shares at an exercise price that is based on the market value of the shares on the date of the grant of each option. The vesting period for options granted beginning in 1998 is linked to Alcan's share price performance, but does not exceed nine years. Options granted before 1998 vest generally over a fixed period of four years from the grant date and expire at various dates during the next ten years.

The number of options granted to certain employees of Alcan's Rolled Products businesses is 604,650 in 2004 (2003: 300,000; 2002: 387,900). The option activity is not necessarily indicative of what the activity would have been had the Group been a separate stand-alone company during the periods presented or what the activity may be in the future.

To compute compensation expense under SFAS No. 123, Accounting for Stock Compensation, the Black-Scholes valuation model was used to determine the fair value of the Alcan options granted that are held by the Group's employees.

The weighted average fair value of stock options granted to certain employees of Alcan's Rolled Products businesses in 2004 is $12.87 (2003: $9.95; 2002: $7.72).

Stock-based compensation expense for stock options granted to certain employees of Alcan's Rolled Products businesses was $2 in 2004 (2003: $2; 2002: $2).

19. STOCK OPTIONS AND OTHER STOCK-BASED COMPENSATION (cont'd)

The fair value of each option grant is estimated on the date of grant with the following weighted average assumptions used for the option grants:

	2004	2003	2002
Dividend yield (%)	**1.85**	1.88	1.65
Expected volatility (%)	**27.87**	29.16	35.73
Risk-free interest rate (%)	**4.56**	3.39	3.50
Expected life (years)	**6**	6	6

Refer to note 27 – Subsequent Events – Stock Option Plans for revisions to the existing stock option plans upon the Group's separation from Alcan.

Compensation To Be Settled in Cash

Presented below is a summary of Alcan's other stock-based compensation plans to be settled in cash that are held by certain employees of Alcan's Rolled Products businesses.

Stock Price Appreciation Unit Plan
A small number of employees of Alcan's Rolled Products businesses are entitled to receive Stock Price Appreciation Units (SPAU) whereby they are entitled to receive cash in an amount equal to the excess of the market value of an Alcan common share on the date of exercise of a SPAU over the market value of an Alcan common share as of the date of grant of such SPAUs. The vesting period is linked to Alcan's share price performance, but does not exceed nine years.

Total Shareholder Return Performance Plan
Certain employees of Alcan's Rolled Products businesses are entitled to receive cash awards under the Total Shareholder Return Performance Plan, a cash incentive plan which provides performance awards to eligible employees based on the relative performance of Alcan's common share price and cumulative dividend yield performance compared to other corporations included in the Standard & Poor's Industrials Index measured over three-year periods commencing on October 1, 2003 and 2002. If the performance results for Alcan's common shares is below the 30th percentile compared to all companies in the Standard & Poor's Industrials Index, the employee will not receive an award. At the 50th percentile rank, the employee will earn an award equal to 100% of the target set for the period. At or above the 75th percentile rank, the employee will earn the maximum award, which is equal to 300% of the target set for the period. The actual amount of the award (if any) will be prorated between the percentile rankings.

Compensation Cost
Stock based compensation expense for Alcan's employee compensation awards held by certain employees of Alcan's Rolled Products businesses that are to be settled in cash was $4 in 2004 (2003: $3; 2002: nil).

20. COMMITMENTS AND CONTINGENCIES

Commitments with third parties for supplies of goods and services are estimated at $41 in 2005, $16 in 2006, $15 in 2007, $11 in 2008 and $11 in 2009 and $11 thereafter. Total payments to these entities were $13 in 2004, $3 in 2003 and $5 in 2002, excluding capital expenditures.

Minimum rental obligations are estimated at $10 in 2005, $7 in 2006, $4 in 2007, $3 in 2008, $2 in 2009 and $1 thereafter. Total rental expenses amounted to $17 in 2004, $15 in 2003 and $15 in 2002.

The Group, in the course of its operations, is subject to environmental and other claims, lawsuits and contingencies. The Group is named as a defendant in relation to environmental contingencies at approximately 12 existing and former Group sites and third-party sites. Accruals have been made in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated.

The Group is subject to various laws relating to the protection of the environment. The Group has established procedures for the ongoing evaluation of its operations, to identify potential environmental exposures and to comply with regulatory policies and procedures.

20. COMMITMENTS AND CONTINGENCIES (cont'd)

The Group is involved in proceedings, as described below, under the U.S. Superfund or analogous state provisions regarding the usage, storage, treatment or disposal of hazardous substances at a number of sites in the United States, as well as similar proceedings under the laws and regulations of the other jurisdictions in which it has operations, including Brazil and certain countries in the European Union.

PAS Site. Alcan Aluminum Corporation (AAC) (renamed Novelis Corporation after the spin-off from Alcan) and third parties were defendants in a lawsuit instituted in July 1987 by the U.S. Environmental Protection Agency, or EPA, relating to the Pollution Abatement Services, or PAS, site, a third-party disposal site, in Oswego, New York. In January 1991, the U.S. District Court for the Northern District of New York found AAC liable for a share of the clean-up costs for the site, and in December 1991 determined the amount of such share to be $3.2 plus interest and costs. AAC appealed this decision to the United States Court of Appeals, Second Circuit. In April 1993, the Second Circuit reversed the District Court and remanded the case for a hearing on what liability, if any, might be assigned to AAC depending on whether AAC could prove that its waste did not contribute to the costs of remediation at the site. This matter was consolidated with another case, instituted in October 1991 by the EPA against AAC in the U.S. District Court for the Northern District of New York seeking clean-up costs in regard to the Fulton Terminals Superfund site in Oswego County, New York, which was also owned by PAS. The remand hearing was held in October of 1999. The trial court re-instituted its judgment holding AAC liable. The amount of the judgment plus interest was $13.5 as at December 2000. The case was appealed. In the first quarter 2003, the Second Circuit affirmed the decision of the trial court. In 2004, AAC paid $13.9 in respect of the EPA claim, representing the full amount of the judgment plus interest, and $1.6 to the State of New York, and is currently responsible for future oversight costs, which are currently estimated at approximately $0.6.

PAS Oswego Site Performing Group. AAC has also been sued by ten other potentially responsible parties, or PRPs, at the PAS site seeking contribution from AAC for costs they collectively incurred in cleaning up the PAS site from 1990 to the present. The costs incurred by the PRPs to date total approximately $6.4 plus accrued interest. Based upon currently available record evidence, AAC is contesting responsibility for costs incurred by the PRPs.

Oswego North Ponds. In the late 1960s and early 1970s, AAC in Oswego used an oil containing polychlorinated biphenyls, or PCBs, in its re-melt operations. At the time, AAC utilized a once-through cooling water system that discharged through a series of constructed ponds and wetlands, collectively referred to as the North Ponds. In the early 1980s, low levels of PCBs were detected in the cooling water system discharge and AAC performed several subsequent investigations. The PCB-containing hydraulic oil, Pydraul, which was eliminated from use by AAC in the early 1970s, was identified as the source of contamination. In the mid-1980s, the Oswego North Ponds site was classified as an "inactive hazardous waste disposal site" and added to the New York State Registry. AAC ceased discharge through the North Ponds in mid-2002.

In cooperation with the New York State Department of Environmental Conservation, or NYSDEC, and the New York State Department of Health, AAC entered into a consent decree in August 2000 to develop and implement a remedial program to address the PCB contamination at the Oswego North Ponds site. A remedial investigation report was submitted in January 2004 and we anticipate that the NYSDEC will issue a proposed remedial action plan and record of decision during the second half of 2005. The Group expects that the remedial plan will be implemented in 2006. The estimated cost associated with this remediation is approximately $25.

Butler Tunnel Site. AAC was a party in a 1989 EPA lawsuit before the U.S. District Court for the Middle District of Pennsylvania involving the Butler Tunnel Superfund site, a third-party disposal site. In May 1991, the Court granted summary judgment against AAC for alleged disposal of hazardous waste. After unsuccessful appeals, AAC paid the entire judgment plus interest.

The United States government filed a second cost recovery action against Alcan seeking recovery of expenses associated with the installation of an early warning system for potential future releases from the Butler site. The complaint does not disclose the amount of costs sought by the government. The case has been held in abeyance since shortly after it was filed and therefore there has been no opportunity for discovery to fully determine the type of remedial action sought, the total cost, the existence of other settlements or the existence of other non-settling PRPs that may exist for potential contribution. In December 2004, a motion for partial summary judgment was heard and is under advisement.

20. COMMITMENTS AND CONTINGENCIES (cont'd)

Tri-Cities Site. In 1994, AAC and other companies responded to an EPA inquiry concerning the shipment of old drums to Tri-Cities Inc., a third party barrel reprocessing facility in upstate New York. In 1996 the EPA issued an administrative order directing the defendants to clean up the site. AAC refused to participate, claiming that the drums sent to Tri-Cities were empty at the time of delivery. In September 2002, AAC received notice from the EPA contending that AAC was responsible for past and future response costs with accrued interest as well as penalties for its violation of the administrative order. AAC responded by outlining its objections to the EPA's determination. The EPA subsequently referred the matter to the Department of Justice, or DOJ, for enforcement. In December 2004, a consent decree was negotiated with the DOJ and EPA. Under this consent agreement, AAC will pay $0.4 as a civil penalty as well as $0.6 in past costs. Future costs have been capped at a maximum payment of $0.8 payable over an extended period of time.

Quanta Resources Site. In June 2003, the DOJ filed a Superfund costs recovery action in the U.S. District Court for the Northern District of New York against AAC and Russell Mahler, the site owner, seeking unreimbursed response costs stemming from the disposal of rolling oil emulsion at the Quanta Resources facility in Syracuse, New York. The parties are in the process of discovery. In 2003, AAC met with the DOJ and the EPA who quantified potential liability for unreimbursed costs and penalties in the amount of $1.4.

Sealand Site. New York State and EPA claim that AAC's waste that was sent to the Sealand, New York Restoration site is a hazardous substance that contributed to the occurrence of response costs. There are several PRPs at this site. In 1993, AAC declined a request to participate in a program to provide drinking water to area residents, contending that AAC's waste did not cause or contribute to the harm at the site. In 2003, Alcan met with the DOJ and the EPA who quantified potential liability for unreimbursed costs at $2.6.

Toyo Coal Tar Remediation. Prior property owners contaminated the soil at the Joiliet, Illinois facility with coal tar. Following litigation, AAC received a 90% cost allocation from two defendants. In 1998, a remediation plan was developed to clean-up soils and groundwater. The remedial program was implemented in 1999. AAC continues to monitor the remediation. AAC's estimated costs are approximately $0.3.

Diamond Alkali Superfund Site-Lower Passaic River Initiative. In 2003, AAC received a letter from the EPA regarding an investigation being launched into possible contamination of the Lower Passaic River in 1965. AAC has been identified as a PRP arising from one of its former plants in Newark, New Jersey that may have generated hazardous waste. A remedial investigation feasibility study is scheduled to be carried out over several years. AAC has entered into a consent decree with other PRPs and will participate in a remedial feasibility study. AAC's estimated environmental costs have been set at approximately $0.2.

Jarl Extrusions (Rochester, NY). The affected property in Rochester, New York was acquired in 1988. Operations at the property were subsequently discontinued and the property was sold in December 1996. AAC retained liability under the terms of sale. AAC entered into a consent decree with NYSDEC under which evaluation of the site was performed in 1990 and 1991. Most of the contamination was determined to have come from an adjoining site. In its response to AAC's investigation report, the NYSDEC asked AAC to admit to liability for off-site pollution (a Superfund site is located next door) and that hazardous sludge was dumped in the ponds behind the building. AAC denied these allegations. In light of the State's failure to cooperate with AAC in the remediation of this site under the consent decree, AAC filed a notice of protest with the State. AAC's appeal was denied, but the State later approved a new remedial investigation report negotiated between NYSDEC and AAC. A feasibility study for site remediation was then approved by NYSDEC. Negotiations on a consent order for remedial design construction were completed and the restrictive deed covenants have been filed for the property. The clean-up has been completed and NYSDEC approved a long-term operation and monitoring plan ("O&M"). AAC continues to conduct O&M and has sought permission to decommission two monitoring wells. Estimated costs associated with this matter are approximately $0.2.

Terre Haute TCE Issue. Trichloroethylene (TCE) soil and groundwater contamination was discovered on the Terre Haute site in 1990. A site investigation was performed in between 1991 and 1994 whereby the extent of TCE groundwater and soil contamination was delineated. The subsurface contamination was located on site with groundwater plume migrating off site, with impacts to private homeowner drinking water wells. Terre Haute entered into the Indiana Voluntary Remediation Program in 1995. A remediation plan was developed which consisted of Soil Venting/Air Sparging for subsurface soil remediation. The point source carbon treatment systems were installed on impacted homeowners wells. The active subsurface soil remediation was completed in 2003. Now that the remediation phase has been completed, AAC is required to support a post remedial groundwater and drinking water well monitoring program. Periodic monitoring will be required until groundwater clean up goals are met. Based on historical trends in TCE contamination, it is anticipated that clean up objectives will be met within 10 years. Once the clean up objectives are met, the project will be considered closed. Estimated costs associated with funding the required monitoring program for a period of 10 years is approximately $0.6.

20. COMMITMENTS AND CONTINGENCIES (cont'd)

It is the Group's policy to accrue estimated environmental clean-up costs (investigation and remediation) when such amounts can reasonably be estimated and it is probable that the Group will be required to incur such costs. The Group has estimated its undiscounted remaining clean-up costs related to 12 sites will be in the range of $36 to $40. An estimated liability of $39 has been recorded on the combined balance sheet at December 31, 2004 in Deferred credits and other liabilities. Other than these 12 sites, the Group is currently not aware of any material exposure to environmental liabilities. However, adverse changes in environmental regulations, new information or other factors could impact the Group.

The Group has agreed to indemnify Alcan and its subsidiaries and each of their respective directors, officers and employees, against liabilities relating to, among other things (see reference to agreements between Novelis and Alcan in note 1):

- the contributed businesses, liabilities or contracts;
- liabilities or obligations associated with the contributed businesses, as defined in the separation agreement between Novelis and Alcan, or otherwise assumed by the Group pursuant to the separation agreement; and
- any breach by the Group of the separation agreement or any of the ancillary agreements entered into with Alcan in connection with the separation.

Although there is a possibility that liabilities may arise in other instances for which no accruals have been made, the Group does not believe that it is reasonably possible that any losses in excess of accrued amounts would be sufficient to significantly impair its operations, have a material adverse effect on its financial position or liquidity, or materially and adversely affect its results of operations for any particular reporting period, absent unusual circumstances.

In addition, see reference to income taxes in note 9, debt repayments in note 18 and financial instruments and commodity contracts in note 22.

21. CURRENCY GAINS AND LOSSES

The following are the amounts recognized in the financial statements:

	2004	2003	2002
Currency gains (losses) recorded in income			
Losses realized and unrealized on currency derivatives	**(23)**	**(37)**	(21)
Realized deferred translation adjustments	**–**	**1**	–
Gains (Losses) on translation of monetary assets and liabilities	**(4)**	**(7)**	9
	(27)	**(43)**	(12)
Deferred translation adjustments* – beginning of year	**90**	**(12)**	(141)
Effect of exchange rate changes	**30**	**103**	129
Gains realized	**–**	**(1)**	–
Deferred translation adjustments – end of year	**120**	**90**	(12)

***Deferred translation adjustments are included in Accumulated other comprehensive income (loss).

22. FINANCIAL INSTRUMENTS AND COMMODITY CONTRACTS

In conducting its business, the Group uses various derivative and non-derivative instruments, including forward contracts to manage the risks arising from fluctuations in exchange rates, interest rates, aluminum prices and other commodity prices. Generally, such instruments are used for risk management purposes only. The principal counterparty to these contracts is Alcan.

Derivatives – Currency

The Group enters into forward currency contracts that are designated as hedges of certain identifiable foreign currency revenue and operating cost exposures. Foreign currency forward contracts are also used to hedge certain foreign currency denominated debt.

OUTSTANDING AT DECEMBER 31 FINANCIAL INSTRUMENT	HEDGE	**2004 FAIR VALUE**	2003 FAIR VALUE
Forward exchange contracts	Future firm net operating cash flows		
– third parties		**(1)**	(4)
– related parties		**(52)**	(26)
Cross currency interest swap (third parties)	To swap floating rate US$ third party borrowings to fixed rate KRW	**(8)**	2

Derivatives – Interest Rate

The Group sometimes enters into interest rate swaps to manage funding costs as well as the volatility of interest rates.

OUTSTANDING AT DECEMBER 31	**2004 FAIR VALUE**	2003 FAIR VALUE
Financial Instrument		
Rate swap – floating to fixed (third parties)		
– KRW floating to KRW fixed	**(1)**	–

Derivatives – Aluminum

Depending on supply and market conditions, as well as for logistical reasons, the Group may purchase primary and secondary aluminum on the open market to meet its fabricated products requirements. In addition, the Group may hedge certain commitments arising from pricing arrangements with some of its customers and the effects of price fluctuations on inventories.

OUTSTANDING AT DECEMBER 31	**2004**	2003
Financial Instrument		
Forward contracts (related parties)		
Maturing principally in years	**2005 to 2006**	2004 to 2005
Fair Value	**97**	86
Call options purchased (related parties)		
Maturing principally in years	**2005**	–
Fair value	**26**	–
Embedded derivatives		
Maturing principally in years	**2005**	2005
Fair value	**(10)**	(49)

Derivatives – Natural Gas

As a hedge of future natural gas purchases, the Group has outstanding as at December 31:

	2004	2003
Financial Instrument		
Swaps and options (third parties)		
Maturing at various times through	**2005**	2004
Fair value	**(1)**	1

22. FINANCIAL INSTRUMENTS AND COMMODITY CONTRACTS (cont'd)

Derivatives – Electricity

As a hedge of future electricity purchases, the Group has outstanding as at December 31:

	2004	2003
Financial Instrument		
Fixed price contracts		
Maturing at various times in years	**2016**	2016
Fair value	**18**	1

Counterparty risk

The Group may be exposed to losses in the future if the counterparties to the above contracts fail to perform. The principal counterparty is Alcan (refer to note 11 – Related Party Transactions). The Group is satisfied that the risk of such non-performance is remote, due to its monitoring of credit exposures.

Financial Instruments – Fair Value

On December 31, 2004, the fair value of the Group's long-term debt due to related parties and third parties totaling $2,737 (2003: $1,659) approximates its book value.

The fair values of all other financial assets and liabilities are approximately equal to their carrying values.

23. SUPPLEMENTARY INFORMATION

	2004	2003	2002
Statement of income			
Interest on long-term debt	**45**	27	26
Capitalized interest	**(1)**	(1)	–
Statement of cash flows			
Interest paid	**76**	41	42
Income taxes paid	**70**	19	34

	2004	2003
Balance sheet		
Payables and accrued liabilities include the following:		
Trade payables	**899**	708
Other accrued liabilities	**279**	286
Income and other taxes	**8**	28
Accrued employment costs	**74**	66
At December 31, 2004, the weighted average interest rate on short-term borrowings was 2.5% (2003: 1.8%; 2002: 3.3%).		

24. POST-RETIREMENT BENEFITS

Most of the Group's pension obligation relates to funded defined benefit pension plans it has established in the United States and the United Kingdom, unfunded pension benefits in Germany, and lump sum indemnities payable upon retirement to employees of businesses in France, Korea and Malaysia. Pension benefits are generally based on the employee's service and either on a flat dollar rate or on the highest average eligible compensation before retirement. In addition, some of the entities of the Group participate in defined benefit plans managed by Alcan in Canada, the U.S., the U.K. and Switzerland. The Group's share of these plans' assets and liabilities is not included in the combined balance sheets, as discussed in note 2 – Basis of Presentation.

24. POST-RETIREMENT BENEFITS (cont'd)

Investments are generally limited to publicly traded stocks and high-rated debt securities, and include only small amounts in other categories. Target allocation for 2004 is as indicated below.

CATEGORY OF ASSET	TARGET ALLOCATION	ALLOCATION IN AGGREGATE AT DECEMBER 31	
		2004	2003
Equity	40% to 65%	**55%**	46%
Debt securities	30% to 55%	**39%**	51%
Real estate		**–**	–
Other		**6%**	3%

	PENSION BENEFITS		OTHER BENEFITS	
	2004	2003	**2004**	2003
Change in benefit obligation				
Benefit obligation at January 1	**256**	115	**79**	69
Service cost	**15**	6	**4**	2
Interest cost	**29**	12	**6**	4
Members' contributions	**1**	–	**–**	–
Benefits paid	**(23)**	(11)	**(8)**	(6)
Amendments	**–**	1	**–**	–
Acquisitions/reorganization	**251**	88	**22**	–
Curtailments/divestitures	**(43)**	–	**–**	–
Actuarial (gains) losses	**32**	28	**12**	10
Currency losses	**32**	17	**–**	–
Benefit obligation measured at December 31	**550**	256	**115**	79
Benefit obligation of funded pension plans	**398**	124	**N/A**	N/A
Benefit obligation of unfunded pension plans	**152**	132	**N/A**	N/A
Benefit obligation measured at December 31	**550**	256	**115**	79
Change in market value of plan assets				
Assets at January 1	**114**	25	**–**	–
Actual return on assets	**17**	24	**–**	–
Members' contributions	**1**	–	**–**	–
Benefits paid from funded plans	**(14)**	(7)	**–**	–
Company contributions	**23**	4	**–**	–
Acquisitions/reorganization	**177**	68	**–**	–
Curtailments/divestitures	**(39)**	–	**–**	–
Currency gains	**11**	–	**–**	–
Assets at December 31	**290**	114	**–**	–
Assets less than benefit obligation of funded pension plans	**(108)**	(10)	**N/A**	N/A
Benefit obligation of unfunded pension plans	**(152)**	(132)	**N/A**	N/A
Assets less than benefit obligation	**(260)**	(142)	**(115)**	(79)
Unamortized				
– actuarial (gains) / losses	**84**	(8)	**26**	10
– prior service cost	**15**	16	**(1)**	(1)
Minimum pension liability	**(54)**	(12)	**–**	–
Intangible assets	**9**	4	**–**	–
Net liability in balance sheet	**(206)**	(142)	**(90)**	(70)
Net liability in balance sheet for funded pension plans	**(89)**	(26)	**N/A**	N/A
Net liability in balance sheet for unfunded pension plans	**(117)**	(116)	**N/A**	N/A
Net liability in balance sheet	**(206)**	(142)	**(90)**	(70)
Deferred charges and other assets	**8**	2	**–**	–
Intangible assets	**9**	4	**–**	–
Payables and accrued liabilities	**(29)**	(7)	**–**	–
Deferred credits and other liabilities	**(194)**	(141)	**(90)**	(70)
Net liability in balance sheet	**(206)**	(142)	**(90)**	(70)

24. POST-RETIREMENT BENEFITS (cont'd)

For the first time in 2004, in accordance with the provisions of FIN 46(R), the net liability in the balance sheet includes 100% of the pension and post-retirement benefits of Logan (as discussed in note 4 – Accounting Changes). Consequently, a benefit obligation of $88 and market value of plan assets of $50 for pension benefits and a benefit obligation of $22 for other post-retirement benefits are included in the "acquisitions/reorganization" lines above. The net liability in the balance sheet for Logan is $31 for pension benefits and $21 for other post-retirement benefits as at December 31, 2004.

A benefit obligation of $181 and market value of plan assets of $126 for Bridgnorth (U.K.) are included in the "acquisitions/reorganization" lines in pension benefits above. The net liability in the balance sheet for Bridgnorth is $54 for pension benefits as at December 31, 2004.

For certain plans, the projected benefit obligation (PBO) exceeds the market value of the assets. For these plans, including unfunded pensions and lump sum indemnities, the PBO is $523 (2003: $222), the accumulated benefit obligation (ABO) is $461 (2003: $203), while the market value of the assets is $260 (2003: $77).

The total ABO is $488 (2003: $237). For certain plans, the ABO exceeds the market value of the assets. For these plans, including unfunded pensions and lump sum indemnities, the PBO is $515 (2003: $222), the ABO is $453 (2003: $203), while the market value of the assets is $252 (2003: $77).

The Group's pension funding policy is to contribute the amount required to provide for contractual benefits attributed to service to date, and to amortize unfunded actuarial liabilities for the most part over periods of 15 years or less. The Group expects to contribute $10 in aggregate to its funded pension plans in 2005, and to pay $7 of unfunded pension benefits and lump sum indemnities from operating cash flows.

Alcan provides unfunded health care and life insurance benefits to retired employees in Canada and the United States, which include retired employees of some of the Group's businesses. The Group's share of these plans' liabilities and costs are included in the combined financial statements. The Group expects to pay benefits of $8 in 2005 from operating cash flows.

Expected benefit payments for the next 10 years are $21 in 2005, $22 in 2006, $23 in 2007, $24 in 2008, $26 in 2009 and $148 from 2010 to 2014 for pensions, and $8 in 2005, $9 in 2006, $9 in 2007, $9 in 2008, $10 in 2009 and $58 from 2010 to 2014 for other benefits.

	PENSION BENEFITS			OTHER BENEFITS		
	2004	2003	2002	**2004**	2003	2002
Components of net periodic benefit cost						
Service cost	**27**	21	25	**4**	2	2
Interest cost	**37**	33	37	**6**	5	4
Expected return on assets	**(28)**	(28)	(40)	**–**	–	–
Amortization						
– actuarial (gains) losses	**4**	3	(3)	**1**	–	–
– prior service cost	**4**	5	6	**–**	–	–
Curtailment/settlement losses	**(19)**	7	–	**–**	–	–
Net periodic benefit cost	**25**	41	25	**11**	7	6
Weighted average assumptions used to determine benefit obligations at December 31						
Discount rate	**5.4%**	5.8%	5.6%	**5.8%**	6.2%	6.5%
Average compensation growth	**3.6%**	3.3%	3.0%	**4.0%**	3.7%	3.9%
Weighted average assumptions used to determine net periodic benefit cost						
Discount rate	**5.8%**	6.2%	5.6%	**6.2%**	6.5%	7.0%
Average compensation growth	**3.3%**	3.0%	3.0%	**3.7%**	3.9%	5.0%
Expected return on plan assets	**8.3%**	8.0%	5.0%	**–**	–	–

Included in net periodic benefit cost are contributions of subsidiaries and cost allocations of divisions that participate in Alcan plans, as described in note 2 – Basis of Presentation.

In estimating the expected return on assets of a pension plan, consideration is given primarily to its target allocation, the current yield on long-term bonds in the country where the plan is established, and the historical risk premium in each relevant country of equity or real estate over long-term bond yields. The approach is consistent with the principle that assets with higher risk provide a greater return over the long term.

24. POST-RETIREMENT BENEFITS (cont'd)

The assumed health care cost trend used for measurement purposes is 10.0% for 2005, decreasing gradually to 4.5% in 2011 and remaining at that level thereafter. A one percentage point change in assumed health care cost trend rates would have the following effects:

	OTHER BENEFITS	
	1% INCREASE	1% DECREASE
Sensitivity Analysis		
Effect on service and interest costs	**1**	**(1)**
Effect on benefit obligation	**11**	**(10)**

The Group participates in savings plans in Canada and the U.S. as well as defined contribution pension plans in certain countries. The cost of the Group's contributions was $8 in 2004 (2003: $7; 2002: $6).

25. INFORMATION BY GEOGRAPHIC AREAS

	LOCATION	2004	2003	2002
Sales and operating revenues – third and related parties (by origin)	Canada	**182**	212	145
	United States	**2,795**	2,174	2,373
	Brazil	**515**	408	373
	United Kingdom	**382**	302	357
	Germany	**1,865**	1,705	1,409
	Other Europe	**822**	503	451
	Asia and Other Pacific	**1,194**	917	785
	Total	**7,755**	6,221	5,893

	LOCATION	2004	2003
Property, plant and equipment, Intangible assets and Goodwill at December 31 (*)	Canada	**112**	116
	United States	**438**	454
	Brazil	**544**	568
	United Kingdom	**167**	162
	Germany	**275**	267
	Other Europe	**481**	317
	Asia and Other Pacific	**622**	630
	Total	**2,639**	2,514

(*) The allocation of the purchase price for Pechiney by geographic area was completed in 2004.

26. INFORMATION BY OPERATING SEGMENTS

The following presents selected information by operating segment, viewed on a stand-alone basis. The operating management structure is comprised of four operating segments. The four operating segments are Novelis North America, Novelis Europe, Novelis Asia and Novelis South America. Alcan's measure of the profitability of its operating segments is referred to as business group profit (BGP). BGP comprises earnings before interest, income taxes, minority interests, depreciation and amortization and excludes certain items, such as corporate costs, restructuring costs (relating to major corporate-wide acquisitions or initiatives), impairment and other special charges, and pension actuarial gains, losses and other adjustments, that are not under the control of the business groups or are not considered in the measurement of their profitability. These items generally have been managed by Alcan's corporate head office, which focuses on strategy development and oversees governance, policy, legal, compliance, human resources and finance matters. The change in fair market value of derivatives is removed from individual BGP and is shown on a separate line. The Group believes that this presentation provides a more accurate portrayal of underlying business group results and is in line with the Group's portfolio approach to risk management.

26. INFORMATION BY OPERATING SEGMENTS (cont'd)

Transactions between operating segments are conducted on an arm's-length basis and reflect market prices.

The accounting principles used to prepare the information by operating segment are the same as those used to prepare the combined financial statements of the Group, except for the following two items:

(1) The operating segments include the Group's proportionate share of joint ventures (including joint ventures accounted for using the equity method) as they are managed within each operating segment, with the adjustments for equity-accounted joint ventures shown on a separate line in the reconciliation to net income; and

(2) Pension costs for the operating segments are based on the normal current service cost with all actuarial gains, losses and other adjustments being included in Intersegment and other.

The operating segments are described below.

Novelis North America
Headquartered in Cleveland, U.S.A., this group encompasses aluminum sheet and light gauge products, operating 12 plants, including two recycling facilities, in two countries.

Novelis Europe
Headquartered in Zurich, Switzerland, this group comprises aluminum sheet, including automotive, can and lithographic sheet as well as foil stock, operating 17 plants in seven countries including two recycling facilities. The Group ceased operations in Falkirk, Scotland, in December 2004.

Novelis Asia
Headquartered in Seoul, South Korea, this group encompasses aluminum sheet and light gauge products, operating three plants in two countries.

Novelis South America
Headquartered in Sao Paulo, Brazil, this group comprises bauxite mining, alumina refining, smelting operations, power generation, carbon products, aluminum sheet and light gauge products, operating five plants in Brazil. The Brazilian bauxite, alumina and smelting assets are included in the Group because they are integrated with the Brazilian rolling operations.

Intersegment and other
This classification includes the deferral or realization of profits on intersegment sales of aluminum and alumina, corporate office costs as well as other non-operating items.

Risk Concentration

All four operating segments traded with Rexam Plc (Rexam) during 2004 and 2003 and all except for Novelis Asia traded with Rexam in 2002. Revenues from Rexam of $861 amounted to approximately 11% of total revenues for the year ended December 31, 2004 (2003: $628 and 10%; 2002: $666 and 11%).

SALES AND OPERATING REVENUES	INTERSEGMENT			THIRD AND RELATED PARTIES		
	2004	2003	2002	**2004**	2003	2002
Novelis North America	**8**	40	9	**2,964**	2,385	2,517
Novelis Europe	**30**	23	40	**3,081**	2,510	2,218
Novelis Asia	**9**	13	11	**1,194**	918	785
Novelis South America	**57**	23	13	**525**	414	379
Adjustments for equity-accounted joint ventures	**–**	–	–	**(9)**	(7)	(7)
Other	**(104)**	(99)	(73)	**–**	1	1
	–	–	–	**7,755**	6,221	5,893

26. INFORMATION BY OPERATING SEGMENTS (cont'd)

BUSINESS GROUP PROFIT	**2004**	2003	2002
Novelis North America	**237**	206	277
Novelis Europe	**188**	173	130
Novelis Asia	**79**	68	35
Novelis South America	**143**	112	90
Adjustments for equity-accounted joint ventures	**(50)**	(45)	(42)
Adjustments for mark-to-market of derivatives	**77**	20	9
Depreciation and amortization	**(246)**	(222)	(211)
Intersegment, corporate offices and other	**(129)**	(68)	(110)
Equity income	**6**	6	8
Interest	**(74)**	(40)	(42)
Income taxes	**(166)**	(50)	(77)
Minority interests	**(10)**	(3)	8
Cumulative effect of accounting change	**–**	–	(84)
Net Income (Loss)	**55**	157	(9)

TOTAL ASSETS AT DECEMBER 31	**2004**	2003
Novelis North America	**1,301**	1,131
Novelis Europe	**2,504**	2,167
Novelis Asia	**954**	837
Novelis South America	**773**	733
Adjustments for equity-accounted joint ventures	**(60)**	(135)
Other	**482**	1,583
	5,954	6,316

	DEPRECIATION AND AMORTIZATION			CASH PAID FOR CAPITAL EXPENDITURES AND BUSINESS ACQUISITIONS		
	2004	2003	2002	**2004**	2003	2002
Novelis North America	**69**	68	67	**41**	38	32
Novelis Europe	**115**	87	75	**84**	97	81
Novelis Asia	**46**	45	42	**31**	36*	32
Novelis South America	**47**	49	49	**23**	41	46
Adjustments for equity-accounted joint ventures	**(37)**	(32)	(26)	**(16)**	(14)	(14)
Other	**6**	5	4	**2**	2	2
	246	222	211	**165**	200	179

* Includes $11 of cash paid for business acquisitions.

27. SUBSEQUENT EVENTS

Financing

In connection with the reorganization transactions described in note 1 – Nature of Operations, the Group entered into senior secured credit facilities providing for aggregate borrowings of up to $1.8 billion. These facilities consist of a $1.3 billion seven-year senior secured Term Loan B facility, bearing interest at LIBOR plus 1.75%, all of which was borrowed on January 10, 2005, and a $500 five-year multi-currency revolving credit facility. The Term Loan B facility consists of an $825 Term Loan B in the U.S. and a $475 Term Loan B in Canada. The proceeds of the Term Loan B facility were used in connection with the reorganization transactions, the Group's separation from Alcan and to pay related fees and expenses.

On January 31, 2005, Novelis announced that it had agreed to sell $1.4 billion aggregate principal amount of senior unsecured debt securities (Senior Notes). The Senior Notes, which were priced at par, bear interest at 7.25% and will mature on February 15, 2015. The net proceeds of the placement, received on February 3, 2005, were used to repay the Alcan Notes (refer to note 18 – Debt Not Maturing within One Year).

27. SUBSEQUENT EVENTS (cont'd)

Stock Option Plans

Executive Share Option Plan
On January 6, 2005, all of the options granted under the Alcan Executive Share Option Plan held by the Group's employees who were Alcan employees immediately prior to the spin-off were replaced with options to purchase Novelis' common shares. The new Novelis options cover 2,701,028 common shares at a weighted average exercise price per share of $21.60. All converted options that were vested on the separation date continued to be vested. Any that were unvested will vest in four equal installments on the anniversary of the separation date on each of the next four years.

Stock Price Appreciation Units
On January 6, 2005, all of the Alcan stock price appreciation units (SPAUs) held by the Group's employees who were Alcan employees immediately prior to the spin-off were replaced with Novelis' SPAUs, consisting of 418,777 SPAUs at a weighted average exercise price per SPAU of $22.04.

Total Shareholder Return Performance Plan
As at January 6, 2005, the Group's employees who were Alcan employees immediately prior to the spin-off and who were eligible to participate in the Alcan Total Shareholder Return Performance Plan (TSR Plan) ceased to actively participate in, and accrue benefits under, the TSR Plan. The current three-year performance periods, namely 2002 to 2005 and 2003 to 2006, were truncated as of the date of the separation. The accrued award amounts for each participant in the TSR Plan were converted into restricted share units in Novelis, which will vest at the end of each performance period, 2005 or 2006, as applicable. At the end of each performance period, each holder of restricted share units will receive the net proceeds based on Novelis' common share price at that time, including declared dividends.

Shareholder Rights Plan
The Group's initial board of directors approved in 2004 a plan whereby each of Novelis' common shares carries one right to purchase additional common shares. The rights expire in 2014, subject to re-confirmation at the annual meetings of shareholders in 2008 and 2011. The rights under the plan are not currently exercisable. The rights may become exercisable upon the acquisition by a person or group of affiliated or associated persons (Acquiring Person) of beneficial ownership of 20% or more of Novelis' outstanding voting shares or upon the commencement of a takeover bid. Holders of rights, with the exception of an Acquiring Person or bidding party, in such circumstances will be entitled to purchase from Novelis, upon payment of the exercise price (currently $200.00), such number of common shares as can be purchased for twice the exercise price, based on the market value of Novelis' common shares at the time the rights become exercisable.

The plan has a permitted bid feature which allows a takeover bid to proceed without the rights becoming exercisable, provided that the bid meets specified minimum standards of fairness and disclosure, even if the Group's board of directors does not support the bid. The rights may be redeemed by the Group's board of directors prior to the expiration or re-authorization of the rights agreement, with the prior consent of the holders of rights or common shares, for $0.01 per right. In addition, under specified conditions, the Group's board of directors may waive the application of the rights.

Pension Benefits

In 2005, the following transactions transpired related to existing Alcan pension plans covering Novelis employees:

a) In the U.S., for Novelis employees previously participating in the Alcancorp Pension Plan and the Alcan Supplemental Executive Retirement Plan, Alcan agreed to recognize up to one year of additional service in its plan as long as such employee worked for Novelis and Novelis paid to Alcan the normal cost (in the case of the Alcancorp Pension Plan) and the current service cost (in the case of the Alcan Supplemental Executive Retirement Plan).

b) In the U.K., the sponsorship of the Alusuisse Holdings U.K. Ltd Pension Plan was transferred from Alcan to Novelis. No new plan was established.

27. SUBSEQUENT EVENTS (cont'd)

The following plans were newly established in 2005 to replace the Alcan pension plans that previously covered Novelis employees (other Alcan pension plans covering Novelis employees were assumed by Novelis):

Canada Pension Plan – The Canada Plan provides for pensions calculated on service (no cap) and eligible earnings which consist of the average annual salary and the short term incentive award up to its target during the 36 consecutive months when they were the greatest. The normal form of payment of pensions is a lifetime annuity with either a guaranteed minimum of 60 monthly payments or a 50% lifetime pension to the surviving spouse.

Pension Plan for Officers – The Pension Plan for Officers (PPO) provides for pensions calculated on service up to 20 years as an officer of Novelis or of Alcan, and eligible earnings which consist of the excess of the average annual salary and target short term incentive award during the 60 consecutive months when they were the greatest over eligible earnings in the U.S. Plan or the U.K. Plan, as applicable. The normal form of payment of pensions is a lifetime annuity. Pensions will not be subject to any deduction for social security or other offset amounts.

The Novelis Group

QUARTERLY FINANCIAL DATA
(in millions of US$, except per share data)
(unaudited)

2004	FIRST	SECOND	THIRD	FOURTH	YEAR
Sales and operating revenues	**1,810**	**1,929**	**2,000**	**2,016**	**7,755**
Cost of sales and operating expenses	**1,585**	**1,690**	**1,757**	**1,824**	**6,856**
Depreciation and amortization	**61**	**57**	**60**	**68**	**246**
Income taxes	**43**	**23**	**45**	**55**	**166**
Other items:					
SFAS No. 133 impact	**(41)**	**26**	**(22)**	**(32)**	**(69)**
Other	**93**	**88**	**126**	**194**	**501**
Net income (Loss)	**69**	**45**	**34**	**(93)**	**55**
Earnings (loss) per share:					
Basic	**0.93**	**0.61**	**0.47**	**(1.26)**	**0.74**
Diluted	**0.92**	**0.61**	**0.46**	**(1.26)**	**0.74**

2003	FIRST	SECOND	THIRD	FOURTH	YEAR
Sales and operating revenues	1,519	1,634	1,532	1,536	6,221
Cost of sales and operating expenses	1,339	1,433	1,348	1,362	5,482
Depreciation and amortization	54	56	56	56	222
Income taxes	28	16	28	(22)	50
Other items:					
SFAS No. 133 impact	9	(10)	(16)	(3)	(20)
Other	84	69	88	89	330
Net income	5	70	28	54	157
Earnings per share:					
Basic	0.07	0.94	0.38	0.73	2.12
Diluted	0.07	0.93	0.38	0.72	2.11

The Novelis Group

SELECTED FINANCIAL DATA
(in millions of US$, except per share data)

	2004	2003	2002	2001	Unaudited 2000
Sales and operating revenues	**7,755**	6,221	5,893	5,777	5,668
Net income (Loss)	**55**	157	(9)	(137)	82
Total assets	**5,954**	6,316	4,558	4,390	4,943
Long-term debt (including current portion)	**2,737**	1,659	623	514	584
Other debt	**541**	964	366	445	498
Cash and time deposits	**31**	27	31	17	35
Invested equity	**555**	1,974	2,181	2,234	2,562
Earnings per share:					
Basic					
Income (Loss) before cumulative effect of accounting change	**0.74**	2.12	1.01	(1.85)	1.11
Cumulative effect of accounting change	**–**	–	(1.13)	–	–
Net income (Loss) per share – basic	**0.74**	2.12	(0.12)	(1.85)	1.11
Diluted					
Income (Loss) before cumulative effect of accounting change	**0.74**	2.11	1.00	(1.85)	1.10
Cumulative effect of accounting change	**–**	–	(1.13)	–	–
Net income (Loss) per share – diluted	**0.74**	2.11	(0.13)	(1.85)	1.10