

**CENTURY ALUMINUM**

**February 20, 2007**  
**2:30 p.m. PST**

(Accented speaker made transcription difficult.)

Moderator           Ladies and gentlemen, thank you for standing by and welcome to the Fourth Quarter 2006 Earnings conference call. At this time all participants are in a listen-only mode. Later we will conduct a question and answer session with instructions being given at that time. As a reminder, this conference is being recorded.

I would now like to turn the conference over to our host, Century Aluminum Director of Corporate Relations, Mr. Mike Dildine. Please go ahead.

M. Dildine           Thank you, Rochelle. Good afternoon, everyone and welcome to the conference call. For those of you joining us by telephone this presentation is being Web cast on the Century Aluminum Web site,

[www.centuryaluminum.com](http://www.centuryaluminum.com), with an accompanying slide presentation.

The slide presentation is also available in PDF form on the Web site.

Please note that Web site participants have the ability to advance their own slides. The following presentation, accompanying press release and comments include forward-looking statements within the meaning of the Private Litigation Reform Act of 1995. Such statements relate to future events and expectations and involve known and unknown risks and uncertainties.

Century's actual results or actions may differ materially from those projected in these forward-looking statements. These forward-looking statements are based on our current expectations and we assume no obligation to update these forward-looking statements.

Investors are cautioned not to place undue reliance on these forward-looking statements. For risks related to these forward-looking statements, please review Annex A in our periodic SEC filings, including the risk factors and management discussion and analysis sections of our latest Annual Report and Quarterly Reports.

In addition throughout this conference call we will use non-GAAP financial measures. Please refer to the Appendix, which contains the reconciliation to the most directly comparable GAAP measures.

I would now like to introduce Logan Kruger, Century's President and Chief Executive Officer.

L. Kruger

Thank you, Mike, and hello, everyone. Welcome to Century Aluminum's conference call covering the fourth quarter. 2006 was a transitional year for Century. We achieved some important milestones and are well-positioned for the future.

Joining me today are Jack Gates, who will discuss the operating results and Mike Bless, who will provide comments on our financial performance. Also with us this afternoon are Bob Nielsen, our General Counsel; Steve Schneider, our Chief Accounting Officer; and Shelley Lair, our Treasurer.

Let's get started. If we move on to the next slide we are pleased to report to you on a successful quarter and share with you our major goals and objectives for what will be a very exciting year in 2007. Starting on slide 4 I'd like to provide you of an overview of the year just ended. The macro

environment, obviously, remained favorable during the whole of 2006.

Aluminum demand exceeded supply and global inventories remained lean.

Despite some volatility the commodity price performed well averaging \$2,565 per ton for the year, up some 35% from 2005. We've made substantial progress in the development of our business in Iceland. By year end we had more than doubled the size of the plant in Grundartangi from 90,000 to 220,000 tons.

I'd like to take a pause here and to thank all the employees at Grundartangi for the hard work and the dedication to making this project a success. As a result of the significant efforts Grundartangi provided in Iceland we will receive incremental power for the further expansion of this plant earlier than originally planned.

We commenced construction of the 40,000 ton expansion at the beginning of 2006 and expect to be producing 260,000 tons by the end of this year.

We have made major progress in our greenfield project in Iceland near Helguvik. We have had ongoing support from the local communities, a truly world class site and a memorandum of understanding for 435

megawatts of power, which translates roughly to 250,000 tons of aluminum.

In the U.S. our plants are performing well. Hawesville, in particular, had a record year in safety, potline production and labor efficiency.

Ravenswood has come back well from the potline shutdown in August. In 2007 Ravenswood will celebrate its 50<sup>th</sup> year of operation and I'd like to recognize the hard work of all the employees that continue to make the plant a successful operation.

We've made real progress during 2006 on preserving and enhancing the long-term competitiveness of our U.S. facilities. We achieved multi-year labor contracts with the United Steel Workers at both Hawesville and Ravenswood. We also signed an amendment to our power contract at Ravenswood, which shares some upside with the power provider at high initial prices, but preserves the historical rates with no increase at low op, but still attractive aluminum prices.

We are pleased with the company's financial results. Operating cash flow was at record levels, driven by initial thrust and by substantial increased in

volume at Grundartangi. Our on-time, on-budget performance for this major expansive drove significant incremental cash flow for the year.

Lastly, we spent significant time and energy during 2006 broadening our development pipeline of potential growth projects. Obviously, our activities in Iceland come first and foremost. In addition, we believe there are opportunities available to us in which we can creatively and prudently further the company's strategy of growth and cost position improvement.

If you move on to slide five, I'll spend a few moments on the aluminum industry as a whole. After a roughly 300,000 ton deficit in 2006, most experts are forecasting a balanced to a modest surplus in 2007. However, recent reports indicate that the 2007 consumption forecast may be underestimating the bond from China. As you've seen, this has happened for many years, as well as the impact of substitution of aluminum for more expensive metals.

China is now the largest consumer and producer of aluminum and will likely be the major driver of the supply/demand balance going forward. There is still speculation that the additional high volt capacity in China will be restarted in 2007. But my observations during recent visits, along

with discussions with industry experts, indicate that most of this capacity is already producing or is currently being ramped up. The remaining high load capacity will likely stay closed.

Further aluminum supply growth in China will be somewhat limited by the availability and price of power and by further government controls. Semi-fabricated products in China are still receiving a rebate on exports, but this is widely expected to follow the chain from the exports and become very taxed in the near future.

In the U.S. and Europe there have been several announcements of potential capacity restocks and delayed... closures. These facilities should be able to produce in the current strong price environment, but remain at risk longer-term especially where long-term power at affordable prices or rates is not available.

Expansion projects are taking more time and more money to complete due to insufficient labor, government regulations and increased material costs. Clearly these other runs and delays will constrain the supply side to some extent.

On the demand side global aluminum consumption for 2006 increased nearly 7% and the expectations for 2007 are in the 6% to 7% range. China showed incredible demands of more than 20% last year and is expected to report continued growth in the mid- to high-teens over the next few years, even with the large and growing demand base.

If you move on to slide six you can see that the aluminum prices remain steady strong in the fourth quarter of 2006, increasing by more than \$200 per ton from an average of \$2,418 in quarter three to \$2,720 in quarter four. In 2007 the LME cash cost for aluminum has averaged about \$2,800 per ton so far.

We continue to see strength in European premiums, which reached \$200 per ton in Germany for duty paid metal, a level last seen in the 1980s, before pulling back to about \$175 per ton in February. In January the European Commission recommended a decrease in the import duty on aluminum from 6% to 3%, but this change was blocked by the European Union delegate earlier this month. We expect that that discussion of reducing duty will be ongoing, but for some time the duty remains at 6%.

In the U.S. Midwest premiums have declined to \$02.6 per ton due to the seasonal producer inventory de-stocking as well as significant scrap availability and the recent debt reduction. With the strength in European premiums we expect to see imports attracted to that part of the world, ultimately causing tightness in the U.S. market and driving the Midwest premiums back up. Aluminum inventories have increased by little more than 100,000 tons since mid-December 2006.

Given the significant backwardation in aluminum prices during this period, this increasing inventory is quite modest. Even with the recent increase inventory levels continue to indicate positive fundamentals at roughly 35 days of consumption.

Alumina spot prices have been extremely volatile recently, falling from over \$600 per ton in 2006 to less than \$200 per ton by the year end. Recently we are seeing the alumina prices trending upward again with the unrest in Guinea as well as the announcements of delayed aluminum projects globally. Guinea represents roughly 9% of the global bauxite production and a prolonged strike in the region could have a meaningful impact on the alumina prices, which are already trading in the \$350 to \$400 per ton range in reaction to bauxite supply concerns.

Chinese alumina expansion projects, which contributed almost 70% of the alumina supply growth in 2006 will face challenges such as an expensive import of bauxite and government controls.

I'd like now to turn the next part of the discussion over to Jack.

J. Gates

Thank you, Logan. If you turn to slide seven, our U.S. smelter operations had an excellent year in 2006, setting several annual safety, production and productivity records. At Hawesville, smelters set annual records in all three areas and metal production beat the old record by approximately five million pounds. The additional volume in productivity was a result of better operating efficiencies, higher amperage on the pots and fewer operating personnel. For the first quarter of 2007 Hawesville performance is continuing its same trend.

The Ravenswood smelter, which closed one of its four potlines during the year, successfully restarted the potlines back to normal operating levels.

The start-up was an excellent start-up in all areas.

Safety performance, while not yet at the desired level, did show a 30% improvement over 2005 results. The successful negotiation of the new

labor agreement and the new energy contract were major accomplishments during 2006 in our efforts to keep Ravenswood competitive.

The Mt. Holly facility set annual safety and production records in 2006.

The Mt. Holly cast house also set an annual record for production of premium products, including a record billet production year. Mt. Holly was also awarded the 2006 sustainability award by the South Carolina Chamber of Commerce in recognition of its environmental and business leadership.

As Logan mentioned in his earlier comments, Nordural completed the first two phases of its expansion on time and on budget increasing the annual rated capacity of the smelter to 220,000 metric tons per year. The next phase we call Phase 5, which will add an additional 40,000 metric tons a year, continues on budget and on schedule to be completed by the end of the year. I would estimate we would begin starting pots by the end of the third quarter with the start-up completed by year end.

I'd like to personally thank Dick Starkweather, past Plant Manager of Nordural, who retired this year, for his many years of devoted service to

Nordural and to Century Aluminum. Mike Tanchuk, who is Vice President of Operations at the Hawesville smelter has replaced Dick.

On the next slide I'll discuss our bauxite and alumina operations. Even with the severe weather issues that were faced by the St. Ann bauxite mine in the latter part of 2006, the mine set annual records in both mining and shipping tonnage. The recent capital investment in upgrading the mobile equipment fleet at the mine is beginning to produce positive results as more tonnage is being mined and shipped with fewer outside contractors.

The Gramercy alumina refinery achieved 97% of its stretch 2006 production goal. A power failure in November did affect the fourth quarter production by 10,500 tons and necessitated the purchase of 8,500 tons of replacement alumina to ensure the security of the Hawesville operation. We also purchased two additional spots cargoes in January '07. Safety performance at the refinery in 2006 was excellent and the bauxite conversion cost was well below the annual plan goal, driven primarily by lower than expected energy cost.

In the sales and marketing area the year 2006 ended with a weakening of the Midwest Premium due to year-end inventory adjustments by both

producers and consumers. The Midwest Premium ended the year at \$.03.35 per pound, picked up a little strength in January of '07, averaging \$.03.42 per pound, but is again showing some weakness in February dropping to its current \$02.6 per pound. Currently the large backwardation is attracting inventory onto the LME.

The current market for aerospace is very strong with increasing high purity premiums. With Hawesville being a major producer of high purity metal, this is an important part of our marketing strategy going forward. The demand in the sheet and plate business segment remains good, with the exception of automotive and building products.

The automotive, housing and wire business has softened due to the reduction in new home construction. Other segments of the alumina, wire and cable remain strong. Demand for billet has also weakened in the past several months. Our finished good inventories at all of our facilities are very low to take advantage of the strong markets.

Now, I'll turn it over to Mike.

M. Bless

Thank you, Jack. And if everybody will turn please to slide nine, we'll talk a little bit about the fourth quarter performance versus the third quarter of 2006. Let me start with the sales line and talk a little bit about the factors that drove that increase in sales as you can see there from Q3 to Q4.

First, the cash LME price with a one month lag during the quarter increased 5%. Obviously that increase in the commodity price is a major factor in our sales growth.

Next, on volume, if you've had a chance to look at the fourth page of the financial information that was released along with the press release you've seen some of these data to which I'll refer. Direct shipments were up 4,200 tons during the quarter. That puts us back almost to the Q2, Q3 levels, where we were operating before the Ravenswood pot line shutdown over the summer.

That shutdown cost us 2,700 tons in the fourth quarter. As you'll remember, we talked during the third quarter call that in the third quarter we lost 8,500 tons. So those two together show a loss of a little bit more

than 11,000 tons for the total effect of the line shutdown, which was in the range that we talked about, up to 12,000 tons.

Importantly, Nordural was right on target for the year and for the quarter, as we've been forecasting since the beginning of the year. As you can see, again, on that page four, Nordural shipped slightly over 50,000 tons for the quarter yielding 157,000 tons shipped for the year, or slightly over half of the 130,000 ton expansion that we brought on over the year; again, as we've been predicting since the beginning of 2006.

Based on these factors, as you can see on the slide, net sales increased sequentially about 11%. About 40% of that increase was from the increase in the commodity price, with the remainder primarily from the higher volume, a little bit from better mix.

Walking down the income statement, again, if you've had a chance to look at the financial statements, that's the first page, a statement of operations data. Gross margin was up a little over 300 basis points to 21.9% showing conversion of over 50% of the increase in sales down to the gross profit line.

Let me talk now about a couple of the factors that affected gross profit for the quarter. First and foremost, obviously, the Ravenswood pot line shutdown. We spent an additional \$1.1 million during the quarter on so-called start-up costs; that's in addition to the \$2.5 million we talked about in the third quarter, again, within our estimate of \$4 million for the total line shutdown that we talked about over the summer.

One more issue on Ravenswood I should note, as we did last quarter. The 2,700 tons of lost volume that I talked about a few moments ago yielded a lost profit on that lost tonnage of \$3.6 million, again, consistent with what we said in Q3.

Moving on to alumina costs; our alumina costs were up about \$2 million Q4 over Q3 and Jack talked about the factors at Gramercy and at the bauxite mine in Jamaica that drove some of those operational issues, largely weather related and the power problem in the fourth quarter at Gramercy.

Nordural power costs were up \$2 million quarter-over-quarter. That's solely due to the increase in the LME. As you know, our power costs in Iceland are priced as a percentage of the LME. Other costs at Nordural

increased about \$2 million for the quarter, mostly miscellaneous maintenance items.

And lastly, I would note that our power surcharge at Mt. Holly decreased about \$2.5 million Q4 over Q3.

Walking down the income statement a little bit further, SG&A as you can see came in at \$10.7 million, a bit above the normalized run rate. I would note as you can see in Q4 of last year, consistent with it, we are normally a little bit higher in Q4 than in other quarters as we do book some compensation related items in that quarter.

But also, as Logan discussed during his comments, we are spending more energy and resources on business development activities and that is going to drive a slightly higher quarterly SG&A rate going forward than we've had historically.

As you know, we've been talking to you historically about a range of \$8 million to \$9 million of SG&A in our plans and a better rate to use going forward that we have in our plan for '07 is about \$9 million a quarter.

That's an average number, obviously, it maybe up a little bit higher than that some quarters, a little bit lower some quarters.

Moving down the income statement, obviously, you see the large mark to market charge we had during the quarter. That, obviously, is based on the run up in the market from the end of September to the end of December. As you know, we calculate our liability as of the balance sheet date, i.e., the end of the quarter.

And as you also know, the forward market, if you look at the 2007 to 2011 strips it was up between 11% and 15%, depending on the year during those two periods and that's what drives the increasing liability and, obviously, that large charge of \$283 million pre-tax that you see.

One other item to note that we noted on our earnings release is in other income; you see that \$7 million of other income, most of that, about \$6.7 million of that is our share, our obviously 50% share of a gain on some excess land that's adjacent to the site of the Mt. Holly smelter.

Finishing up on the income statement the effective tax rate for the quarter was about almost two points lower for Q4 than it had been for the first

three quarters of the year. If you look at the effective rate for the entire fiscal '06, it's right back to the rate at which we were booking in those first three quarters.

EPS for the quarter, excluding the mark-to-market charge in the Mt. Holly land sale was \$1.70 per basic share and \$1.64 for diluted share. You can see that on the schedule in the Appendix to the slides.

Lastly, a couple of comments over on the cash flow statement. If you've had a chance to look free cash flow was strong for the quarter at \$55 million. That represents about 13% of net sales and 100% of net income. That's, obviously, net income excluding the mark-to-market charge in the Mt. Holly land sale gain.

We continue to have good, strong working capital metrics and a couple of items to note in terms of the use of cash for the quarter. Two principal items to note; one is accounts receivable, obviously, expected due to the significant increase in the commodity price and we also used \$12 million of cash for the settlement of our derivative contracts during the quarter.

One last item on the balance sheet, again, if you've had a chance to take a look you see a reduction in shareowner's equity. Part of that, obviously, is

due to the net loss in the quarter caused principally by the mark-to-market charge. But we did also have a charge of \$73 million for the implementation of FAS158, the new pension rules that drove a decrease in our share owner's equity.

If you turn to slide ten, a similar format. I'll just make a very few comments about the year-to-year comparison. As Logan said, the average cash LME for '06 versus '05 with a one month lag was up 35%. Our domestic volumes, again, going back to that page four of the financial information, were essentially flat '06 versus '05. That's despite the Ravenswood pot line shutdown in '06.

Nordural volumes were up 65,000 or 70% due to the expansion coming on on schedule. That drove total company shipment volumes up about 10.5% and that along with the market price drove net sales, as you can see on the slide, up 38%. The operating income margin, increased from 11.2% to 19.8% representing a conversion of over 40% of the increase in sales down to the operating income line.

Then, again, as you can see in the Appendix, diluted EPS, excluding the mark-to-market charge of both years, the Mt. Holly land sale in '06 and

the small charge for debt extinguishment in '05, increased from \$2.56 to \$6.03 in '06.

Lastly, on page 11 you'll see here on the left hand side of the chart the shipment volumes to which I've been referring and on the right-hand side of the chart are average realized prices, both on the direct and toll basis.

As you know, our realized prices on the direct side don't track the increase in the market price due to the impact of our fixed price forward sales.

Before we move on and before I turn it back to Logan, let me just take a couple of minutes here in providing some forecast items for 2007 to help people with their modeling.

First, I'll start with volume. As you know our U.S. capacity is 525, 000 tons and we would plan to ship that entire amount if fiscal 2007 and perhaps a little bit of creep on top of that, as much as a half of a percent, maybe even up to a whole percent higher than that.

At Grundartangi in Iceland, that's our existing plant, of course, we're now, as Jack detailed, at 220,000 tons and we'd ship that whole amount in 2007. And, again, as Jack and Logan discussed we will be commissioning our 40,000 ton expansion by the end of the third quarter and will be producing

in the fourth quarter. And we would plan to ship between 5,000 and 7,000 tons of that new capacity in fiscal 2007, again, all of that in the fourth quarter.

Turning to cap ex, a good number for sustaining cap ex remains at \$20 million. As we've talked to you in the past, we do have a good list here at Century of additional so-called return projects that we look at. These are projects that have very high returns on invested capital. The metric we use here is a simple payback of under two years and those could add as much as \$10 million, maybe even \$15 million of cap ex in '07. The completion of the 40,000 ton Grundartangi expansion will add another \$95 million, give or take, of cap ex in fiscal 2007.

And lastly, spending for Helguvik, assuming that we continue on the schedule that we've got planned, could add spending of \$5 million, maybe as much as \$10 million in fiscal 2007 as we continue on heavy engineering and design work, moving towards beginning of construction by the end of the year.

A few more items for you; depreciation and amortization, about \$80 million for the year; SG&A, I talked about before, about \$9 million on

average for the quarter; net interest expense should be about the same in '07 as it was in '06, within a million dollars or two certainly.

A couple of major cost of goods sold items, obviously, that drive our earnings; our power costs in the U.S., let me just make a couple of comments. Number one Hawesville, given that we're reasonably fully priced there in '07 we can say with confidence that our power costs will be about the same '07 versus '06. Mt. Holly, we know that the base load will be the same.

As you all know, we don't plan on nor can we plan on the various level of surcharges that we'll have above or below, so we don't plan on those unless we're planning on power costs at Mt. Holly to be consistent '07 versus '06.

At Ravenswood, as you know, we're operating under our new so-called experimental power rate. At current high metal prices that rate is in the low teens percentage-wise above the old rate and that new rate came on in the middle of the year so if metal were to stay around where it is today, we could see power costs at Ravenswood up in the mid-single digits on a percentage basis, '07 versus '06.

Lastly, alumina, obviously, a major cost component; no change there in the new contracts that have now come on that we have been detailing for you since the beginning of last year for Ravenswood and Mt. Holly and the percentage of the LME, as we've told you, they're up about two points, two percentage points versus the old contract. Those are three-year contracts and as we've told you they are front end loaded from a pricing standpoint so a little bit higher in the first year, but on average at two points in the second year, a little lower in the third year, in '09.

And then lastly, effective tax rate; we're planning on an effective tax in '07 about equal to what we booked in '06. We've got a couple items going both ways; as our Icelandic income becomes a greater portion of the mix of pre-tax income, obviously, that drags our rate down. We've got state rates going up a little bit.

We've got some good tax planning items in place to try and counter that, but until we see how those go through the year and until we go through our FIN48 analysis, obviously, in the first quarter of this year as we're required, we're going to stay at an estimate of an effective tax rate, consistent with '06 and as we get better data we'll, obviously, update you.

And with that I'd like to turn it back to Logan.

L. Kruger

Thanks, Mike. Moving on to slide 12, we are optimistic about the year before us. As I discussed earlier the macro environment continues to look attractive to us. There will clearly be challenges, which are simply part of doing business in our sector, but overall we see a favorable climate.

All of our operations are performing well. We will take the lessons learned during the start-up at Grundartangi last summer and apply them to the current 20,000 ton expansions. We have experienced, talented, and proactive managers in place at all our operations and we plan for productivity and other improvements at all our facilities in this year.

We will be commissioning the latest 40,000 ton expansion at Grundartangi by the end of quarter three and will have some 260,000 tons of capacity in Iceland by the year end. You should note that that's one-third of our global total.

Though we have a lot of work to do we anticipate beginning preliminary construction of our greenfield plant in Iceland by the year end. I'll discuss this in more detail in a moment.

In addition to activities in Iceland we will continue to spend considerable effort looking for creative ways to grow the company's asset base globally. Our pre-feasibility study and... engineering for the potential greenfield refinery in Jamaica is progressing and just earlier this month we signed a memorandum of understanding for the exclusive rights to explore the development of an aluminum business in the Republic of the Congo.

I want to clarify that this memorandum of understanding relates to the Republic of the Congo, not the Democratic Republic of the Congo. I would note that both of these projects are in the exploratory phase to evaluate the potential for a profitable growth budget.

If we move on to the next slide, just take a step back and tell you what's going on in Iceland as that is our focus. This is an aerial view of our existing plant at Grundartangi. It's located 45 kilometers north of Reykjavik. The current 40,000 ton expansion is on top of the plant as the photo lays it out.

This is a world class facility running at excellent productivity and operating metrics. With only a couple of... totally run by Icelanders, electric power in Iceland is clean and renewable. Our Grundartangi

facility is powered by both hydroelectric and geothermal power. The new plant at Helguvik will be exclusively based on geothermal power at first. We have developed close working relationships with those power providers in Iceland based on long-term mutually beneficial business dealings. We are growing our business together in a timely advantageous manner to both parties.

By linking the contract price to the LME our interests are further aligned. The power provides benefit when the aluminum market is strong and in less attractive markets the power is... to allow both parties to earn acceptable returns.

Just a note again, and most of you know this, we operating our Grundartangi facility as a toller. Our customers bring their alumina, we process it into metal for a fee that is determined as a percentage of LME and the customer takes away the finished product. As a result, we have a revenue stream and a major cost component that provides a hedge to the commodity price.

In addition we are not exposed to the price of alumina, nor do we carry inventory or employ a sales force. This helps to underpin cash flows when

aluminum prices are weak, while offering significant upside in higher price environments.

Just a bit of an update on the next slide, the Helguvik greenfield project. You will see we have made a lot of progress in support of our new plant near Helguvik, which is about 50 kilometers southwest of Reykjavik, near the International Airport. The plant is adjacent to the U.S. Department of Defense base, which was recently closed causing the loss of 700 direct jobs and over 1,000 additional support roles.

We chose the site two years ago over several others due to its excellent flat location, existing harbor, proximity to the capital and other industries and a desire of the community to foster industry of this type as part of its efforts to replace the loss of local jobs.

Recent the two adjacent communities that the preferred site location would span announced that they've come to an agreement on revenue sharing and other matters. This development allows us to situate the plant in a zone which is optimal for step-wise construction and further away from any residential activity.

We signed a memorandum of understanding with the power companies last spring that provides for 435 megawatts of power in 2010 to 2015. The first phase of the construction is being planned based on the availability of up to 250 megawatts of power by late 2010 corresponding to 150,000 tons of metal. A further 185 megawatts is expected to become available not later than 2015.

We submitted our environmental impact assessment to the Reykjavik authorities earlier this year. We've hired an experienced project management team and are actively proceeding on the project. The next critical milestones include the selection of reduction technology, finalizing the budgets and progressing with the necessary approvals.

Moving on to our final slide, we've come out of our transitional year of 2006 in very good shape. We've hit all our major growth objectives for the year and weathered a few challenges. We're now well set up to grow our business within the next three years.

As you can see, after the completion of the current phase of expansion at Grundartangi, we will be at an annual capacity just shy of 800,000 tons of primary metal. When the first phase of Helguvik comes on steam in 2010

we will be close to one million tons of primary metal. We continue to progress the study of a greenfield refinery in Jamaica and are actively pursuing additional growth opportunities worldwide.

I'd like to now open the lines for questions. Thank you.

Moderator We have a question from Kuni Chen, Banc of American Securities. Please go ahead.

K. Chen Hi. Congrats on all the progress. Just a question on Helgøyvik to start off; you mentioned that you've yet to finalize the budget there. Perhaps you can give us a range, though, and talk about potential financing strategies.

L. Kruger I'll just take the first piece, Kuni. Then I'll ask Mike to give you some thoughts on the second piece. I think people are indicating in the industry for this facility as somewhere between 4,000 and 5,000 tons per annual ton of capacity for a greenfield smelter. It's too early for us to have a definitive idea of that, but that's the order of what people are seeing in the industry. Mike.

M. Bless

Yes, I'll answer the financing question; the only other comment I'd make on the capital cost, Kuni, as you know, it's heavily dependent on the reduction technology number one, and that range depends upon, for example on one end of the range might be a plant without an anode plant included in it; on the other end might be a smelter including an anode plant.

So we've got a ways to go. We're, obviously, working on those data. In terms of financing, we are actively working on this right now. Just to give you a sense of our thinking, we believe that given the earnings in cash flow that should come out of Grundartangi, the exiting plant, over the next couple of years, obviously dependent upon metal prices, we ought to be in a very good position if we choose to be able to finance that plant solely in Iceland out of, a) cash flow from Grundartangi, and b) an increase in the existing debt facility there.

We're also considering other financing vehicles, but that is kind of the lay of the land right now.

K. Chen

Okay, great. And just on some of the other projects in the backlog, you know, obviously, if you were to do a refinery project that's also pretty

large investment. I mean would you consider doing a minority stake in any of these, similar to what Alcan is doing with some of their projects or is it really not attractive to you unless you can be a majority owner?

L. Kruger            I think, Kuni, first of all, all those projects, particularly Jamaica and the Republic of the Congo, for example, are long-term, early stage projects. And in terms of our position in equity, that will be part of our evaluation of the value of the project and risk profiles and we're open to a number of options on that and we'll look at that as we progress.

K. Chen             Okay, great. And then one last question; I'll turn it over. You seem to perform pretty well with your joint ventures in the fourth quarter despite some of the spot purchases of alumina and bad weather in Jamaica and whatnot; how much higher could the income have been if you normalize for some of these impacts?

M. Bless            Kuni, let me address that. Remember the issues that Jack discussed and that you just referred to, the weather related issues and therefore production at the bauxite mine at St. Ann's of Jamaica and the resulting problems at Gramercy and some of the other issues at the refinery, those find their way into our cost of sales because they go to our alumina costs

at Hawesville so those “problems or issues” or whatever you want to call them wouldn’t impact the equity income line.

Equity income is up a little bit this quarter; our equity income is largely based on our third party bauxite sales and our third party chemical alumina hydrate shipments and there were a bunch of issues this quarter that drove up that result a little bit. I didn’t talk about this in the forecast section, but now that you’ve asked, something on the order of what we’ve been experiencing, say three-ish million dollars a quarter is still a good estimate on average basis for that equity income line.

K. Chen                      Thanks, got it.

Moderator                      Thank you. We have a question from the line of Timothy Hayes of Davenport & Company. Please go ahead.

T. Hayes                      Good afternoon. A question on the gross profit that you had, sequential increase. The gross profit was up \$22 million from Q3 to Q4. How much of that came from Nordural?

- M. Bless                    We don't, Tim, break out, as you know, Nordural versus the U.S. operations. We can try to address it, but we really don't get into breaking out, as you know, those two items.
- T. Hayes                    Okay. Then in terms of the spot alumina that you're buying in January, what's the tonnage on that?
- L. Kruger                    I think Jack may want to comment on that. Jack.
- J. Gates                    It's approximately 20,000 tons, Tim.
- T. Hayes                    Okay, thank you.
- Moderator                    And the next question comes from the line of Matthew Starick of Citadel. Please go ahead.
- M. Starick                    Just a very quick one, on the Nordural as it sits right now I think it's permitted to go up to 300,000 tons at that facility. Is that potentially before Helguvik?

L. Kruger                    That's a good question. I think our focus is to get the 250,000 tons done this year. We continue to look at sources of power, but our memorandum of understanding with the two geothermal producers is specifically for Helguvik. So that, obviously, will bring forward Helguvik into the phase that we've described.

But just when other power comes forward and we have other options at Grundartangi we'll consider it.

M. Starick                    Okay. And this is a completely unrelated question, but the tax rate after you back out the one off it looked relatively high to me; what was it actually?

M. Bless                      It actually was lower, Matt. It's a bit complex, but if you back off the one offs, and those come out at a rate of 36.9%, the mark-to-market in that Mt. Holly land sale, you'd get a resultant effective tax rate if you include the equity income in the denominator of that calculation because, as you know, most of that equity income, other than some small Jamaican taxes, most of that is untaxed as it appears on the face of our income statement.

So if you throw that into the denominator the effective tax rate on the remainder is just shy of 29%, 28.7%.

M. Starick            Okay, sorry, I wasn't making that.

M. Bless              We can walk you through it. I think if you look at the Appendix, the reconciliation in the Appendix, it will help you derive that.

M. Starick            No, that's okay. I forgot about that. But going forward, as Nordural ramps up because it's an 18% tax rate there?

M. Bless              Yes. Let me make a couple of comments. The answer to your question is yes, 18% of the statutory rate in Iceland and that's the rate we pay. That same rate that I just talked about for the quarter, just shy of 29% for the fiscal year '06 was just shy of 31%, 30.8%, and that's the rate that I was using when I said that the rate in '07, as best as we know it today, should be around the same as '06.

Again, Iceland dragging it down, some state rate increases dragging it up; some state planning that we've put in place recently attempting to mitigate that and FIN48, which as you know is a new accounting standard for

income taxes being implemented this quarter, we'll know a lot more 90 days from now than we do right now, but our analysis right now tells us it should be about a push year-over-year.

M. Starick                    Okay, thanks.

Moderator                    We have a follow-up question from Timothy Hayes, Davenport & Company. Please go ahead.

T. Hayes                      On your '07 outlook for cost of goods sold, could you repeat what you said for Nordural, please?

M. Bless                      For Nordural on cost of goods sold, I really don't believe I said much, Tim. What I said on Nordural was shipment volume, which is 220,000 tons of the existing capacity and 5,000 to 7,000 tons of the new capacity. Again, all that new capacity will be shipped during Q4 because our current plan says commissioning by the end of Q3. And, really that's the only thing I addressed on Nordural.

The biggest issue on Nordural, obviously, is power cost and pick your metal price and you can pick what happens to the power cost.

T. Hayes Yes, that's the part, if you could just mention that again, how that works.

M. Bless The power cost of Nordural?

T. Hayes Yes, the power cost and the high metal price and how that's going to affect the power costs?

M. Bless Right. As we've said, our power rate in Nordural is totally linear. It's a fixed percentage of the LME, no caps, no floors so it totally floats. If metal goes up we pay more for power; if metal goes down we pay less for power. So, given that we don't predict metal prices, it's difficult to think about predicting power costs in Iceland because the two are perfectly linked.

T. Hayes Okay, thank you.

Moderator And you have a follow-up question from the line of Matthew Starick of Citadel. Please go ahead.

M. Starick Just a quick one; you used to talk about a sensitivity based on the old tonnage pre-Nordural expansion and that sort of thing in millions of

dollars for a \$0.01 change or something in the LME process. Have you updated that sensitivity?

L. Kruger Yes, we've got some new numbers. Mike.

M. Bless Matt, the way it looks right now is that the current capacity for a \$0.01 change, per pound of course, in the LME, that impacts our reported earnings by about \$0.20 a share.

L. Kruger It used to be about \$0.15, \$0.16.

M. Bless Right.

M. Starick Excellent, thanks.

Moderator There are no further questions. Please continue.

L. Kruger Thank you, guys. Mike has got a small announcement on some organizational changes and then I'll wrap up. Mike.

M. Bless

Thanks, Logan. We just wanted to apprise you; you may have noticed in the press release and in the last page of the earnings slides, but we've made a management change here at Century. Logan has asked Mike Dildine, who you have all gotten to know over the last couple of years, to lead an expanded effort here at Century in the government and community and public relations, media relations areas and he has agreed to do that for us.

In that vein, we've asked Shelley Lair, our Treasurer, to take over the Investor Relations function. Many of you know Shelley, having worked with her in a variety of ways. You're going to enjoy working with her a lot in the future.

I want to thank Mike for the terrific leadership and support personally over the last couple of years. You'll all be seeing his name, obviously, as he'll still be shepherding and be responsible for communications going forward. But we just wanted to make sure that everybody was aware of that. Shelley's contact details are in the earnings release and on the last page of the slides in the PowerPoint presentation at which you're looking.

And with that, I'll turn it back to Logan.

L. Kruger                    Thank you very much, everyone, for coming to the call today. We appreciate the questions. We've had a good year in 2006 and we are well set up for 2007 and we look forward to meeting and talking with you as the year progresses. Thank you very much.

Moderator                    Thank you. And that does conclude our conference for today. Thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.