CENTURY ALUMINUM CO.

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Moderator — Ladies and gentlemen, thank you for standing by and welcome to the Third 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. As a reminder, this conference is being recorded. I would now like to turn the conference over to our host, Communication Director, 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, with an accompanying slide presentation. The slide presentation is also available in PDF form on the Web site. Please note that unlike the previous conference call, Web site participants will now 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 Securities Litigation Reform Act of 1995. Such statements relate to future events and expectations that 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 NXA and our period SEC filings, including the risk factors and management discussion 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 reconciliations, 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 third quarter of 2006. During the quarter, we achieved some significant milestones and positioned ourselves well for the fourth quarter and beyond.

Joining me today are Jack Gates, who will discuss our operating results, and Mike Bless, who will provide comments on our financial performance. Also with us in Monterey this afternoon are Bob Nielson, our General Counsel; Steve Schneider, our Chief Accounting Officer; and Shelly Lair, our Treasurer. Let's get started.

If you turn to the slide on the market, aluminum traded at just under $2,500 per ton during the quarter, some 6% below the second quarter, but one above long-term averages. Market fundamentals, we believe, remain positive. I'll have further comments on the market in a moment.

We had a busy and very challenging quarter. We believe that that we have positioned ourselves well for the fourth quarter by securing our U.S. labor situation and completing our major Nordural expansion. In August the steel workers ratified a three-year agreement covering 580 hourly workers at Ravenswood, West Virginia plant. We did, however, the shut-down and subsequently restart one of the plant's four potlines as a result of the union's 72-hour notice to strike. Jack and Mike will detail the operating and financial implications of this action.

Outside of the labor issue at Ravenswood, our U.S. operations performed well across the board during the quarter. Volumes were up at both Hawesville and Mt. Holly, which helped offset the impact of the Ravenswood line shutdown. Jack will discuss this in a few moments.

There were some increased costs during the quarter, primarily due to the Ravenswood potline shutdown and the efforts required to stabilize the Nordural expansion startup. These were one-time costs and are largely behind us. … a factor. At Ravenswood, our new pricing arrangement with the Appalachian park calls for somewhat higher prices during robust aluminum markets and also provides some downside protection. At Hawesville and Mt. Holly, we are continuing to explore options for future electricity projects. Jack and Mike will provide further detail on this.

We continue to work on our growth objectives. Earlier this month, we energized all of our parts of our major 130,000 ton brownfield expansion at Nordural. We expect to reach full rated capacity of 220,000 tons by year end, on schedule and on budget. Our Nordural expansion to 260,000 tons per year is now well underway and will be completed in the fourth quarter of 2007.

If we look at the next slide on IP growth, my comments on the market reflect the views of the key industry commentators, as well as our own insights and observations. As we move through 2006, the global economy remains strong, with industrial production growth in the 5% to 6% range. Increased demand in the non-residential construction market seems to be offsetting the decline in the U.S. housing market, and U.S. consumer confidence is getting a boost from lower gas prices and a healthy labor market.

Europe continues to show strong growth, especially in Germany, where we saw a 7.3% year-over-year industrial production growth in August, which was somewhat influenced by consumer spending in advance of the VAT increase in 2007. Although China slowed moderately in the third quarter, growth was still very impressive with IP in the mid-teens and GDP in excess of 10%.

I recently read a statistic indicating that over the past 28 years, China's economy has grown at an average of 9.7% per year. It's important to note that China continues to grow at these levels even as the base upon which growth is measured increases dramatically each quarter.

As we have observed before, the economy in India is growing at a rapid pace. Industrial production growth in India was more than 9% in the first half for 2006, and recently showed growth of 12.7% in July, and 9.7% in August.

If we go to the next slide, you'll see strong aluminum industry fundamentals. World… aluminum fundamentals remain strong. On the supply side, smelter capacity is expected to grow approximately 4% per year between 2006 and 2010 with production increasing roughly 5% during this period, due to possible startup of some idle capacity in both the United States and China.

We have recently seen an announcement that all metal starts, the sixth largest … 260,000 ton Hanneville smelter in Ohio and Alcoa will restart a second line at its … smelter in Washington, bringing on an additional 90,000 tons. There's also discussion of a restart of 130,000 ton Hamburg smelter in Germany, as well as some of the idle capacity in China. However, the Chinese government is continuing in its efforts to control expansion in aluminum, especially projects that are proceeding without proper authorization. Just recently, the Chinese government reduced rebates on some of these Chinese exports and further rebate reductions are expected.

High electricity prices in Europe continue to put some 500,000 to one million tons of capacity at risk of closure in the near term. Demafo Aluminum continues to be strong with global consumption up more than 6% year-to-date. China was a major contributor with the year-to-date consumption growth in excess of 18%. Since 1990, China's aluminum demand has grown from less than 5% of the global market, some 900,000 tons, to more than 25%, 8.5 million tons, making China the world's largest user of aluminum, following closely on the heels of copper.

Medium term forecast for consumption growth continues to be in the 4% to 6% range, driven primarily by emerging economies. At the current demand levels, this would imply new metal requirements of 1.5 million to two million tons annually or between five and seven new 300,000 ton smelters each year.

If we look at the slide on intensity of aluminum's use, underscoring the outlook for aluminum consumption is a relatively low aluminum usage per capita in rapidly expanding economies, such as China and India. As I've commented before, China is starting to feel the wealth affect of its growing economy, with a middle class that is set to reach roughly 50 million people. In the United States we consume four times more aluminum per capita than China and almost 26 times India. With 1.3 billion people in China and another billion in India, even closing a fraction of those gaps will have a significant impact on aluminum demand. To illustrate this point, if China's consumption per capita increased to the midpoint between its current usage and that of the USA, an additional ten million tons of aluminum would be required each year.

If we move onto the next slide, support for the healthy aluminum markets we are currently experiencing can be seen in the relatively low inventory levels. LME and IAI stocks currently represent only 36 days of …world demand. Primary inventories dropped 60,000 tons at the end of quarter two to quarter three, even though the late summer, which is generally a period of when inventories rise.

The LME cash aluminum price averaged roughly $2,480 per ton over the third quarter and has recently climbed again to more than $2,700 per ton. Physical premiums, especially in Europe, continued to evidence healthy demand for aluminum. The European duty paid premium has been quoted recently at more than $130 per ton and the … premium is healthy at $0.055 per pound.

We continue to see weakness in the spot alumina market with recent prices of $240 per ton FOB Australia. Large alumina surpluses are being projected over the next few years, and China has played a significant role in the increased supply with more than 50% refining production growth year-to-date. However, significant decline in alumina prices, particularly on the spot market we have seen recently, along with increased contraction cost, will have an impact on the global refinery project potline.

Now I'd like to hand it over to Jack to tell us about the operations.

J. Gates Thank you, Logan. I'll talk a little bit about the U.S. operations first. Safety performance at the Hawesville and Mt. Holly smelter continue on track to have a record year measured by both OSHA recordable incidents and lost work days. Ravenswood safety performance has been good all year, with September's performance the best in several years, even during the difficult preparation for the startup of the closed potline that occurred in September.

As reported in our second quarter conference call, a new four-year labor agreement was concluded with the steel workers at the Hawesville facility. Included in this agreement was several productivity improvements now in effect. During the just completed third quarter, a new three-year labor agreement was voted and ratified by the steel workers at the Ravenswood smelter, as mentioned by Logan.

A shutdown of one of the Ravenswood's four potlines occurred before the contract was ratified. Preparation for an orderly restart began immediately after the contract was ratified. The potline was energized on September 19th. All pots would have been started by the end of October and the smelter back to its rated capacity by year end. Both Hawesville and Mt. Holly had extremely strong operating performances in the third quarter and both are on track to have record production years in 2007.

Let me talk a little bit about energy. The energy situation at Ravenswood was set in the third quarter by the approval of a new three-year tariff by the West Virginia Public Service Commission. This tariff is linked to the … metal price and has a floor that is competitive in the U.S. There's also a cap over the term of the contract. At Mt. Holly, the power costs continue high, due to the fuel escalator and our current contract. There is some relief expected in '07 with … Cooper adding more coal-generated power, reducing the amount of natural gas fired generation. Power costs in the third quarter were adversely affected by the extreme hot summer required more power generation from natural gas in the southeast.

At Hawesville, the bulk of our power necessary to operate all five potlines has been secured for 2007. We continue to work on solution for the future long-term power requirements. For 2007 we expect Hawesville's power cost to be approximately the same as this year, 2006.

Nordural: a project to expand Nordural from its current 90,000 metric tons per year to 220,000 metric tons per year continues on schedule and on budget. This additional capacity will be fully operational by year end. Production cost as measured and total cost to convert alumina to solid aluminum for our tolling partners was affected in the third quarter, due to the additional costs related to the startup of the new potline.

Included in this additional cost were issues related to the large number of new, inexperienced personnel, due to starting the potline during the summer vacation period in Iceland. This period is now over and all of our experienced personnel are back at work. The next phase of a Nordural expansion to increase production to 260,000 metric tons per year continues on schedule, on budget and will be fully operational by late '07.

I'd be remiss if I didn't compliment the expansion team made up of the Icelandic engineering group, HRV, Nordural plant personnel, the Century project manager, Ron Curry, and the various Icelandic construction groups that have worked on this project. This has been a great team effort and I'm part to have been a part of the team.

A couple of comments about our bauxite and alumina business, safety performance at the St. Ann bauxite mine has improved significantly over their 2005 performance. The mining and shipping volume in the third quarter was at the record first quarter pace and the shipping tonnage is on track to exceed the 2005 tonnage by approximately 15%. The increase in mining tonnage in 2006 is also up over 2005 and has rebuilt the on-site stockpile that was depleted by last year's severe hurricane season. Much of the credit for this increase in both mining and shipping tonnage is due to the improvement in equipment reliability that was created by the recently expanded mobile equipment capital program. This improvement will allow the mine to continue to increase mining and shipping volumes in 2007 and beyond.

Gramercy's safety performance in the third quarter and year-to-date has been superb and a result of the total dedication to the safety of all refinery personnel. The refinery has operated year-to-date at a run rate that will be a record production year in 2006. Production costs greatly improved over earlier projections, due to primarily lower energy costs.

Just a couple of brief comments about sales and marketing: we experienced very little fall-off in demand during the so-called summer doldrums, and we continue to experience a strong demand for our premium products, including billet and high purity, while demand for peat and 20 has softened slightly recently due to excess scrap. We believe that this is short-lived and will disappear by year end.

The other inventory level continues in a tight trading range at around 680,000 metric tons and as Logan mentioned, that Midwest premium continues above its historical average, just today at $0.055 a pound.

Now I'll turn it over to Mike.

M. Bless Thanks very much, Jack, and thanks, everybody, for joining us this afternoon. We're on slide 11 now. Just for your reference, I'm going to also refer to slide 16 and 17 during my remarks. I'll tell you when I'm there, which of course are the GAAP reconciliation slides, if you had a chance to look forward. I'm also going to refer to the financial statements which were attached to the press release, which was sent out about an hour-and-a-half ago. I hope you've had a chance to at least look through those quickly. I'll, again, let you know where I'm referring to those and when.

Let's get right to the income statement. As Logan mentioned, the one-month lag average cash LMV during the quarter from quarter two to quarter three was down about 6%. If you look on page four of the financial statements, you'll see that our realized price on our direct sales was down about 4.5%. There you can see this quarter, this quarter obviously being one of declining prices, the buffer that our fixed price forward contracts provide.

On the volume side, again, on page four of the financial statements, you can see that our domestic tons were down about 5,800 tons Q2 to Q3. Jack mentioned, obviously, the impact of the Ravenswood potline shutdown. That cost us a little over 8,000 tons in the quarter. He and Logan also spoke about the excellent performance that Hawesville especially and also Mt. Holly, those two plants in aggregate made up a little over 2,000 tons. They did help us. Those two plants did help us make back about one-quarter of the 8,000 tons we lost at Ravenswood.

At Nordural, you see the tonnage there. We are on track, as Logan and Jack both briefed, to reach full rated capacity of that plant of 220,000 tons per year by the end of the year. You'll notice that the progression in tons shift Q3 over Q2 was a little bit smaller, i.e. the increase, than it was Q2 over Q1. That was absolutely planned, obviously given the fact that that part of the expansion came on during the summer months. Again, we're on track to reach ready capacity. We're also on track to ship the tonnages that we've talked about in calls past with you this year out of Nordural. Putting the price and volume together, I'm back on slide 11 now, net sales were down about 6% sequentially Q2 to Q3.

Walking down the income statement a little bit, I'll talk about gross margin and gross profit, so you can refer to the first page of the financial statements, the income statement data. Gross margin for the quarter was 18.6%, obviously down from the all-time high we had last quarter of over 26%, but still a result with which we're very pleased. Let me walk through some of the major items that impacted gross profit Q2 to Q3.

First was obviously the impact on the market, about which both Logan and Jack spoke. That cost us about $20 million in profit, obviously pretax. All these numbers are pretax, given that I'm talking about gross profit. About $20 million for the quarter Q2 to Q3. About $3 million of that $20 million is a negative impact from alumina. I just want to call out here. That's a little bit counterintuitive for all of you who follow the company and know the industry, obviously, who know that our alumina contracts are priced at a percentage of the LME. The issue here is one of a lag. Our alumina contacts generally have a greater lag than our metal sales contracts. For that reason, you had some very high priced alumina, like May-type market levels coming through cost of sales this quarter. Obviously, that will work itself out in Q4.

The market, $20 million, Ravenswood potline shutdown, and Jack spoke about it, Logan spoke about it. That cost $11 million of profit sequentially Q2 to Q3, two major items there. The first is the startup costs that we've been talking about since we announced that plant shutdown or potline shutdown, I should say, over the summer. The $4 million estimate to complete is still our estimate to complete those actions. We spent just over half of that amount, just a bit over $2 million this quarter, Q3 that is, on the startup actions. Obviously, the remainder will impact us in Q4.

The other $9 million is obviously the lost profit margin on the 8,000 tons that we didn't ship this quarter. Our estimate for Q4 tons, again, that we won't ship out of the ready capacity at that plant is about another 3,000 tons, so we'll have a related profit impact in Q4 as well.

Logan and Jack both spoke about power. That cost us about $6 million for the quarter Q2 over Q3 again. I'm talking all sequentially here. About half of that amount, actually just a little under half of that amount, were the issues at Mt. Holly about which Jack spoke, again driven largely by the heat of the summer and the impact that that had in that part of the country in particular, I might add, on fuel usage and, therefore, prices.

Jack spoke about the Ravenswood contract. It’s an excellent contract with which we are very pleased. It provides excellent downside buffer at lower metal prices, but at current metal prices, we do pay a rate that is somewhat higher than the tariff that we were paying before. At Hawesville, just a small contributor there, as you may know, we have very small portion of our power needs at Hawesville that we left purposely unpriced for this year. Spot prices in that part of the country were up a little bit Q3 over Q2, so that cost us a little bit.

Lastly, in terms of gross profit, Jack and Logan spoke about Nordural. And as Jack detailed, we had some one-time costs there principally related to temporary help required over the summer to keep the expansion moving and iron out normal startup-related issues.

Just walking down the income statement quickly, as you can see, SG&A in line with the $8 million to $9 million that we expect on a quarterly basis. Mark-to-market charge, obviously you see a significant reduction in the liability here. Obviously, it translates to a P&L gain.

As we’ve talked to you about frequently, and I’ll remind you on the next slide when we get to it, a very large portion of the fair market value calculation of that liability now currently has to do with the out years and the forward screen because of the volumes in the out years. As Logan detailed, if you just take, for an example, a good proxy for the out years, the 2011 strip, it traded down a little over 9% from June 30th to September 30th. That drove, as you can see here, a very large reduction in the liability, which obviously gets booked in the income statement as a gain.

Quickly, moving back a little bit further down the income statement, equity income in line with our expectations, as Jack detailed, terrific quarter at both Gramercy and St. Ann's. Expected tax rate, within our expectations, 35.3%, as reported, but stripping out the mark-to-market gains, 32.5%, so consistent with past quarters and right in line with our expectations.

Lastly, EPS for the quarter, $5.36 basic and $5.26 diluted. When you go to page 16 and look at the GAAP reconciliation, and obviously we put this in the release as well as we've done in quarters past, when you adjust for the after-tax mark-to-market, basic EPS of $1.21 and diluted EPS of $1.20.

Lastly, free cash flow on page 17 of the reconciliation here, $47 million for the quarter. Obviously, the major item there in terms of the reconciliation is that we take it before the expansion cap ex at Nordural. I might add that that $47 million was essentially equal to the cash flow that we made in Q2, but obviously on substantially lower net income. We're pleased with the performance there. We think it's strong, about 12% of sales, a little over 120% of net income, obviously excluding the mark-to-market gains.

Working capital metrics, if you've had a chance to take a look, remain strong, metrics like days sales outstanding and inventory turns. Lastly, if you've had a chance to look at the cash flow statement detail, as I've done in the past, a couple of our uses of cash, again if you've had a chance to take a look, three major items used cash this quarter: one, inventories largely related to the buildup of the business in Iceland; second, crude and other items, largely cash tax payments there; of course, the cash settlement of our derivative forward contracts.

With that, if we could just turn to page 12, this is a chart that we update every quarter. You'll find it in our 10-Q when we file it in a couple of weeks as well. It summarizes, as you can see here, our forward fixed price sales for the remainder of this year and then for the next couple of years and then an aggregate until 2015. As you know, the out years, especially 2008 and beyond, are almost exclusively the two large financial forward contracts we executed a couple of years ago. As you remember, just to remind you, the additional volumes there are due to the provision of those contracts, that the volumes get doubled at market prices above the contract prices. Obviously, we're there now.

With that, I'll turn it back to Logan for some concluding remarks. Logan?

L. Kruger Thanks, Mike. We're on page 13, just a bit of an update on our gross business in Iceland. As the map indicates, our existing Nordural facilities located to the north of Reykjavik and the proposed greenfield site is near Husavik to the south. Both site have the advantage of having been close to Iceland's population and infrastructure center. At our existing … site, it's important to note that we have already laid the concrete foundation for our next expansion phase of 260,000 tons, which will be completed in the fourth quarter of next year.

Our greenfield site is also progressing. In September the U.S. government withdrew forces from the base at Keflavik, which is very close to the proposed site. To the extent that the smelter could help alleviate the economic disruption caused by the closure of the base, we have announced our willingness to work with the government agencies and the … accelerate our evaluation of this project.

In June we signed an MOU to purchase up to 250 megawatts of electrical energy from the two Icelandic geothermal power producers, which will support the initial smelter phase of 150,000 metric tons per year, which we hope to commission in 2010. The MOU provides for a total of 435 megawatts, which will ultimately provide for a smelter with capacity of 250,000 tons.

Some progress over the summer we began conducting the required environment research on the site and the surrounding area. We have also started working on the final details of a contractor-style delivery and transmission. I keep saying our proposed Helguvik site is truly outstanding, flat, close to the population and infrastructure, and with great harbor access. We are confident we will continue to progress this attractive project.

If we go to the final slide, just in summary, and you're looking at the bar graph, we have managed some important challenges in the third quarter and made some meaningful progress, both in terms of securing our U.S. operations and in terms of furthering our growth objectives. We finalized a new three-year labor agreement at Ravenswood. We energized the pots for the 30,000 ton Nordural expansion, expect to reach full rated capacity of 220,000 tons by year end, on time and on budget, remain on track with our plans to further increase Nordural to 260,000 tons by the year end 2007. We continue to actively pursue our Icelandic greenfield project at Helguvik.

In addition, we are continuing to review a number of other growth opportunities in both primary aluminum and upstream facilities. While we still have challenges before us, our plants are running well and our fourth quarter is off to a solid start. We believe that we are well positioned for the current quarter and beyond.

I'd now like to open this for discussion and your questions. Thank you.

Moderator — Our first question comes from the line of Kuni Chen of Bank of America Securities. Please go ahead.

K. Chen — I appreciate all the detail that you gave us, Mike, on the cost variances. Can you just give us the amount of the cost variance with Nordural, the one-time cost there in the quarter? Do you expect anything to carry over from startup-related costs into the fourth quarter?

M. Bless — Sure. It's about $3 million for Q3. I'll turn it over to Jack to talk about residual effect.

J. Gates — There could be some residual effect, just a small amount, because we are still starting. We'll have some of that until we reach full capacity, but we're through the bulk of it.

L. Kruger — I'll just add a point, Kuni, that the metal is flying well out of that line and I think Jack just recently came back from there as well.

K. Chen — Great. Just as far as the alumina costs linked to LME, can you just give us a sense as to the timing there as those flow through? Is that three months? Is it five months? What's the average lag? Is that more timed? Is that more related to certain smelters and which ones are more sensitive to that?

M It's really spread across the system, Kuni, and it's maybe adding another 30 days. Rather than metal sales at 30, you'll have 60 days worth of lag for inventory. Again, as I said, May, as we all know, is when the market crested. We had some alumina price there flowing through our cost of sales this quarter.

K. Chen One last question and then I'll turn it over. Can you just comment on your outlook for Midwest premium going forward in the fourth quarter and then into '07, especially given some of the restarts that we're seeing in the U.S. market? Thanks.

L. Kruger It's still holding, but it's slow, but it's still holding up well. We see that obviously, there are some restarts. It'll be interesting to note how long some of those restarts take. We haven't got a particular view on it; we just noticed the announcement. I don't know if Jack has any additional comments.

J. Gates I agree with you, Logan. Some of the restarts, like the … facility, that's been down a long time. It's six potlines. It's going to be a while before that plant gets up to capacity.

Moderator Thank you. The next question comes from the line of Carlos De Alba of Morgan Stanley. Please go ahead.

C. De Alba I have two questions, if I may. First, the Nordural expansion to 220,000, what are your expectations? What are the areas that you're expecting to produce during the quarter, if you can comment on that?

L. Kruger I think, Carolos, we've given guidance right from around about March. If you took the months from March through to December and you took the 130,000 tons and you really evenly divided it up, it'd give you some sort of idea of how we're going to progress. We're very much on track with that. It's evenly spread. I don't know if Mike wants to add any comments to that.

M. Bless No, only modifying the same thing. Again, what we've said from the time we energized the first pots back at the beginning of the year, we produced about half of that 130,000 this year and we're still absolutely on track to do that.

L. Kruger So 65,000 tons, in other words, for the year.

C. De Alba Good. Mike, coming back to the $20 million variance that you were breaking down, $3 million of that is related to alumina.

M. Bless Correct.

C. De Alba Eleven million is related to Ravenswood.

M. Bless No, no, no. Sorry, Carlos. Twenty million is the market, of which $3 million is alumina. The rest is just, of course, the decline in the price. In addition to that $20 million, $11 million relates to the line shutdown at Ravenswood, and then I broke that out, so it's $20 million plus $11 million.

C. De Alba The final question is, I would appreciate it if you could update us on your outlook for the supply/demand balance in '07.

L. Kruger Sorry, I missed that one, Carlos. Would you mind repeating it?

C. De Alba Any update on the outlook for the supply/demand balance of the industry in 2007?

L. Kruger — I think, Carlos, if I can comment …, I think I covered most of it early on. I think the demand remains very robust and the supply is continuing to not quite meet up with demand. Obviously, the restarts will have some effect on that, but all in all, I think the demand is at this point in time ahead of the supply.

C. De Alba — Do you think that past ’07, that we will see a deficit?

L. Kruger — Carlos, we don’t really comment on that. I think we look across all the commentators and we really think that if you look at a somewhere around 5% growth in demand, just go and look at where those 5% of supply is going to come from. We find it quite difficult for that to all occur in 2007.

Moderator — Thank you. The next question comes from the line of Timothy Hayes of Davenport. Please go ahead.

T. Hayes — Just on the Ravenswood tariff on the power rate, can you go into a little more detail of what the impact is, maybe how much percent increase the tariff adds to the base rate of power?

L. Kruger Tim, we don't give actual cost, but let me play it through for you, like we've said before. It is moderate and it has a cap on the upside, so when the L&B is up, we pay ahead of where the rates would be. When the L&B is down, we obviously revert to the lower rate. The best I can help you, Tim, is really give you guidance of it's moderate. The rate still is very competitive on a U.S. basis, anyway.

T. Hayes If it's still a competitive rate and the tariff in the quarter was moderate with these high prices, then we're talking maybe a tariff of 10%, 15% in addition to the base. Is that kind of the right ballpark?

L. Kruger Tim, that's a great question, but I'm not going to answer it. Thanks, Tim.

Moderator Thank you. The next question comes from the line of Marty Pollack of NWQ Investment Management. Please go ahead.

M. Pollack Just a couple of questions, if I may. First, if you would on the hedging, what is the accumulative hedge position now? I'm just wondering if you can explain that.

L. Kruger Certainly and I'll ask Mike to take you through it for us.

M. Bless — Sure. The accumulative position is really laid out, Marty, in slide 12. Those are all the fixed price forward sales that we have and when they get laid out. Again, noting that the additional amounts only kick in above the contract price, which obviously for the calculation of our current liability, given that the forward screen shows prices throughout above that contract price, the calculation, of course, assumes that those volumes, in fact, do double for all the periods. That really is the whole forward book laid out there.

M. Pollack — The gain itself, whereas for previous quarters, we saw the flip side of that.

M. Bless — Let me just explain it. It's kind of a funny concept. It's a gain, but what it really is is just a reduction in a liability. It's still a liability because if you calculate it out, again, the calculation is pretty easy. You just take the forward screen through and then you have to interpret it after that because, of course, the screen doesn't go out through 2015. Then you just subtract from that for each monthly period, the contract price. You do a straight present value of that whole mess of numbers, and that calculates the current liability. What we had this quarter is just that liability shrinking, and that runs through the income statement as income.

M. Pollack — Is there a price assumption then, a long-term price assumption you use here?

M. Bless — Just the forward screen, go right to the screen. That's the assumption we use, you bet. Again, as I said, when the screen ends, you have to interpret it to the end of 2015 because that's when you contracts go out until.

L. Kruger — I think, Mike, to just add to Mike, once the screen runs out, you can assume it's pretty flat going forward.

M. Bless — Yes, look at the end of the screen, good point.

M. Pollack — Just with regard to investment, at this point I think the aluminum prices have come down significantly. Is there an opportunity here to bulk up on that or do you need to effectively possibly invest in further aluminum capacity?

L. Kruger — Marty, we continue to look at opportunities. We don't specifically comment on any, other than obviously, Helguvik. I think the timing on that has changed. We often change the timing of taking our Grundartangi facility to 260,000 tons as well. You're correct; the market is sound, but we look at opportunities on a long-term basis as well. You want to see that we're not just hoping for the market continue; we want to see that we have a sound business on a long-term basis.

Moderator Thank you. The next question comes from the line of Milan Gupta of Southpoint Capital. Please go ahead.

M. Gupta Hello. How much was the Hawesville price increase effecting this quarter?

M. Bless It was a small piece of it, just about one million dollars, Milan.

M. Gupta As it relates to Ravenswood, the $9 million that you broke out, was that just lost production or were there some shutdown costs in there as well?

M. Bless No, no, no, it was $11 million total on Ravenswood and two buckets. The first was $2 million, which is half of the $4 million total startup costs. The other $9 million, the remaining $9 million was the lost profit margin on the 8,000 tons that didn't ship.

M. Gupta There weren't any shutdown costs as it relates to shutting down the fourth potline.

M None to speak of.

L. Kruger No major costs. The $4 million was what we said right from the beginning, what we thought the initial cost would be to restart the line.

M. Gupta Lastly, I would have thought the JV contribution might be a little higher, given that natural gas has come up and the profitability of your refinery might be enhanced as a result of that. Can you help me think through that a little better?

L. Kruger I'm looking through the … and I'm trying to think through it for you. Mike may have some thoughts on it.

M. Bless Yes, we came into the quarter with some hedges in place if you're talking about natural gas principally. Obviously, while the market has come down, when you look at the gas prices quarter-over-quarter, they were pretty comparable.

Moderator Thank you. We have a question from the line of Justin Fisher, Goldman Sachs. Please go ahead.

W Hello. Good afternoon. I just have a question about the … merger situation. First of all, will that, if at all, effect your alumina supply agreements with Glencore? Because if I'm not mistaken, and I may be reading through that, that the … transaction incorrectly, but Glencore is transferring its alumina to that merger.

L. Kruger Thanks for the question. It's a very important question. There's no impact to us in our contractual arrangements, but you are correct. That as part of the arrangement, we understand the alumina assets of Glencore are going to go into that business, but that doesn't impact our supply and contractual arrangements.

W It'd still be the two contracts at Mt. Holly. One of them, I guess, expires quite soon, December '06, and the other one expires in January '08.

L. Kruger There's no change in the contracts. Whatever they are in place remains. It's part of the business.

W — Another question related to that is, I just wanted to get your take on consolidation within the industry. I know that this is something that has sort of been thrown around in every commodity industry thus far this year and it was soon to hit aluminum. I don't know whether you guys could comment on whether or not you think the consolidation will continue or whether or not you think that increased supply out of China may prevent that or may spur that.

L. Kruger — I think a consolidation process through all the commodities has been going on for the better part of ten plus years … this is just another part of that process … Jack Gates is reminding me … I am generally favorable of consolidation. I think it's good for the industry. We've seen it in a number of the other commodities, and I suspect that it will continue in all the commodities.

Moderator — Thank you. The next question comes from the line of Dan Whalen, Bear Stearns. Please go ahead.

D. Whalen — Hello, everyone. Just back to the idle capacity question from an industry perspective, you'd mentioned possibly some restarts over in China. I was just interested in your perspective in terms of what percentage of Chinese idle capacity is at risk of coming back.

L. Kruger Dan, I've just come back from China and I did a bit of traveling in the last couple of weeks. We've had a number that was widely accepted in the industry, somewhere between one million and two million tons of idle capacity in China. You can debate where that number is. If we use 1.5 million tons going back 18 months ago that was idle, some of it won't come back for reasons of environmental and power supply because power supply is somewhat regional.

I do suspect that most of the capacity is either on stream or has come on stream already in China. We didn't see much evidence of much idle capacity left standing that was not brought on stream. So to answer your question, I think there may be a few thousand tons still idling, but if that hasn't come on as of yet, I would be somewhat surprised.

Dan, just one other part. Obviously, the drop in the alumina stock prices in China have obviously accelerated there.

Moderator Thank you. The next question comes from the line of Kuni Chen, Bank of America Securities. Please go ahead.

K. Chen Hello. Just a quick follow-up. On your forward price sales position when you look at it over the LME curve where it currently stands, is there any temptation to add to your forward positions?

L. Kruger Thanks for the question, Kuni. I'm not sure if it's a temptation, but we always look at it and see what's appropriate. At this point in time, we like being exposed to the market. You heard the earlier questions about how we feel about the market. We think it's still sound and robust. We continue to look at it, Kuni. But fortunately at this stage, or unfortunately, we have not taken any further position. We like our exposure.

Moderator Thank you. There are no further questions. Please continue.

L. Kruger Thank you, everyone. This is Logan. I appreciate your time in being with us today. We've had a challenging third quarter, which we've come through well. We're well set up for the fourth quarter and we look forward to meeting and discussing with you again the progress at Century. Thank you very much.

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