CENTURY ALUMINUM COMPANY

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Moderator — Ladies and gentlemen, thank you for standing by and welcome to the Third Quarter Earnings Conference Call. At this time, all participant lines are fully interactive, so please use your mute button if one is available to you, to keep down background noise from appearing over today's conference call. I would now like to turn the conference over to your opening speaker for today, Mike Dildine. Please go ahead.

M. Dildine — Thank you, Doug. Doug, we have some music going.

Moderator — That should be taken care of at this point.

M. Dildine — Okay, hello everyone. Welcome to the Century Aluminum Conference Call covering earnings for the third quarter of 2005. Before we begin, let me say that this conference may include forward-looking statements within the meaning of Federal Security laws. Century has based its forward-looking statements on current expectations and projections about the future. However, these statements are subject to risks, uncertainties and assumptions, any of which could cause Century's actual results to differ materially from those expressed in its forward-looking statements. More information about these risks, uncertainties and assumptions can be found at our filings with the Securities and Exchange Commission. Century does not undertake and specifically disclaims any obligation to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date such forward-looking statements are made.

Now, let's begin the conference call. Here is Century's Chairman and Chief Executive, Craig Davis.

C. Davis — Thank you, Mike. I guess one would have to say that the uncertainties proved to come true in this last quarter, unfortunately. In any case, I'd like to welcome all of you to our third quarter conference call. David Beckley and Jack Gates are in Monterey this morning, so we're all here. David as usual, will be providing the details on our financial results. Jack will discuss the operating performance. I will focus principally on the overall third quarter results.

Our third quarter operating results were negatively impacted by the issues which we outlined in our press release. While the aluminum prices have recently strengthened, the average price realizations for the third quarter were $0.03 a pound lower than the second quarter. David will go into this in more detail in his presentation.

The current energy situation in the United States will impact the company in the near term. The natural gas situation in the Gulf Coast will increase our costs at Gramercy. David will also discuss this somewhat further in his presentation.

We are also experiencing an increase in electricity costs. Our surcharge that we have been experiencing at Mt. Holly will continue for the balance of this year and into next year. It's important to note that 73% of our power at Hawesville is very competitively priced, and it's a fixed price through 2010. The balance, 27%, is unpriced beginning in January 2006. This power is currently available for Hawesville, however the spot rates for 2006 are quite high today. We are currently considering all of our options for this unpriced power.

Our power situation at Ravenswood is stable. We have been informed that a rate case has been filed for 2006. We do expect that this rate case will have some impact on our current rates, which are fixed and would continue to be so. That impact would come into play in July of 2006.

Other than the remnants of the problems at Hawesville, our operations performed quite well in the third quarter. Operations at West Virginia, Mt. Holly, and Nordural all exceeded our operating expectations. The operations at Hawesville are basically back to normal levels, and Jack will discuss this further in his presentation. The management and employees at Gramercy and St. Ann Bauxite did an outstanding job of coping with the weather-related problems that we faced in the third quarter.

To move on to Nordural, the Nordural project in Iceland continues to progress on a very positive basis. Our expansion is on schedule, and on budget. We have experienced some increased costs arising out of the weak dollar or the reverse being the even more than normal strong krona. However, to date we have offset all of these with savings elsewhere in the project. Based on today's weaker dollar, we could experience a very, very slight increase in the project at its completion, but we do not expect any significant impact at all. We have been able to absorb these cost increases. At the same time, we continue to pursue additional expansion opportunities in Iceland. At this point, I'd like to turn it over to David to discuss the financial results.

D. Beckley Thank you, Craig. Century Aluminum Company reported a net loss of $20.1 million or $0.62 a share. Included in these results is an after-tax charge of $36.4 million or $1.13 a share for mark to market adjustments on forward contracts that do not qualify for cash flow hedge accounting.

Our third quarter operating income, which was $22 million, combined with our equity earnings of $3.1 million, fell short of second quarter 2005 results by about $17 million pretax. Ten million of the shortfall was due principally to lower price realizations. As you may recall, most of our pricing is on a one month lag basis. The second quarter LME on this basis averaged $0.85. Comparable third quarter LME was $0.813. On this basis the LME was lower by $0.037 in the third quarter. Furthermore, the Midwest premium was lower in the third quarter compared to the second quarter, so it is not surprising that our price realizations were $0.03 lower than the second quarter. Seven million of the shortfall is the net impact of the hurricane-related costs, power surcharges at Mt. Holly, and the lower pot count at Hawesville is positive.

Moderator Would anybody listening in please put their phones on mute? We're getting some feedback here.

D. Beckley On a positive note, net cash provided by operating activities is up substantially year-to-date compared to last year, to $127.8 million versus $71 million last year.

With respect to forward priced sales, we did no forward selling in the quarter. The forward price sales accompanying the release has not changed since last quarter for the period of 2006 through 2015.

I will now give you a brief update on our exposure to natural gas. We use almost nine million MMBtus of natural gas in our facilities, and about 75% of this total is used to produce alumina at Gramercy. As indicated in our most recent quarterly 10-Q, that $1.7 million MMBtus for 2006 or slightly less than 20% of our annual usage, was priced before the recent run up in gas prices associated with the hurricanes. Accordingly our results in the fourth quarter and possibly beyond, will be impacted by higher natural gas prices. At this point, I'll turn it over to Jack Gates, who will talk about operations.

J. Gates Thank you, David. I'll talk a little bit about the smelter operations first. Smelter operations at Ravenswood and Nordural continued to succeed expectations during the third quarter, and are both on schedule for record annual production. Hawesville's excessive pot failure problems that adversely affected its performance in the second and third quarters in both production and cost, are basically over and the smelter is currently operating at its normal pot count and operating efficiency.

Pot failures or pots that we actually schedule out of operations for various reasons are also back to the expected level. I mentioned in the second quarter call that I expected these to be back by the end of the third quarter. While we didn't make it by the end of September, we were extremely close and we are back there now where we need to be.

Mt. Holly's third quarter production performance was very close to forecast, but on the negative size, as mentioned by Craig, the energy costs continue higher than anticipated, due to excessive fuel charges. The Nordural expansion continues on schedule and at budget. Incurred and/or committed funds to date total 87% of the total budget. Start up of the first cells remains scheduled for mid-February of next year, and we should be completed by the third quarter.

In the bauxite and alumina operations, weather adversely affected operations at both Gramercy and the St. Ann Bauxite mine in Jamaica. Excessive rain in Jamaica in June and the two hurricanes that hit the Gulf Coast in July and August influenced both production and cost. Both facilities are back to currently operating at normal capacity, but energy costs remain high.

I'd like to echo Craig's comments about the extraordinary efforts by our St. Ann and Gramercy employees during the quarter. With the terrible weather experienced in Jamaica and south Louisiana, they kept the operations running with minimum downtime.

Just a little bit about the sales and marketing. The third quarter saw recovery in the Midwest transaction price, increasing from September's $0.037 a pound average to today's $0.046 a pound. Some of our customers are reporting a strengthening in the automobile sector. This includes suspension and wheels, brazing, cooling systems, and distributors. Aerospace construction and rod and cable remain strong.

The recent hurricanes seem to have slowed the flow of metal into and through the port of Mobile, which has probably helped push up the Midwest premium. Just today we received a report that the IAI inventories dropped from 39.9 days in August to only 37.7 days in September. Now, I'll turn it back over to Craig.

C. Davis — Thank you, Jack. At this point, Doug, we'll open it up for questions.

Moderator — As a reminder, all phone participants do have an open line at this time. Please go ahead and ask your questions.

M. Dildine — Wait, Doug. Doug?

Moderator — Yes.

M. Dildine — Can we take the questions one at a time?

Moderator — You'd like to have a question and answer session, sir?

M. Dildine — I want to make sure that there is just one person speaking at a time asking questions.

Moderator — Very well, sir. It will be just a moment to adjust our computer system. Okay, thank you for holding. Our first question today comes from the line of Bruce Klein with CSFB. Please go ahead.

B. Klein — Hi, good afternoon.

C. Davis — Hi, Bruce.

B. Klein Was wondering on the energy and the crisis you mentioned, I think you said Kentucky was – 73% was set through 2010? What's the status of the rest?

C. Davis The rest is we have a commitment for physical delivery, but it's unpriced starting in '06. We're priced through the end of this year for the 27%.

B. Klein Okay. What's the expectation of electricity prices this year versus …

C. Davis Right now, the prices are quite high and we're sort of waiting to see a little further how things develop. At this point I think it's too soon to say where we think it will be or what impact it might have. We're watching that very closely in terms of what we look at locking in and then how far we lock in as well – how far ahead.

B. Klein Right. In Iceland – I had in my notes the rates were fixed I think through 2019, is that accurate?

C. Davis The rates in Iceland are based on the LME.

B. Klein Is there a maturity to the …

C. Davis The contract goes through, I think you're right, 2019.

B. Klein It just floats with the LME?

C. Davis Basically, yes.

B. Klein That's not as concerning obviously?

C. Davis — No. Obviously with higher LME prices we'd pay more for electricity, but we'd also get more for the metal. It's a piece of a natural hedge actually in Iceland.

B. Klein — In terms of the overall, could you just give us the latest? I didn't know if I saw it in the press release in term of the hedges, in terms of how much is hedged for '06 and '07 and then the percent that's represented by the alumina float versus forward sales?

D. Beckley — Bruce, this is David. The numbers that are in the press release are identical to what they were in the prior quarter. The only change is 2005 we obviously had some contracts mature between the second and third quarter. Other than that, the numbers are identical to the second quarter.

C. Davis — We haven't added any further hedges or change to anything since second quarter in that regard, Bruce.

B. Klein — Does it sum up here how much is hedged and what percent is forward versus natural?

D. Beckley — No, it does not. It tells the price position.

B. Klein — Is it possible you have that handy, David?

D. Beckley — I do not have it in front of me right now. I did indicate what it was in the second quarter, I just don't have it in front of me right at the moment.

C. Davis — If you go back, Bruce, you look at the piece coming into Hawesville now is for Gramercy, that's no longer a natural hedge. The balance of our alumina supply and a portion of our electricity supply in Iceland formed a natural hedge. The balance is a forward hedge against metal. The percentage is at …

D. Beckley I don't have the exact percentages.

B. Klein Okay. For the Iceland expansions, what's the latest thinking in terms of how that's going to be funded?

C. Davis Well, we're continuing to fund it from a combination of a credit facility in Iceland and cash flow. Right now we have used less of the credit facility than we initially have anticipated, and have put more equity into Iceland.

B. Klein Okay, I'm good for now. Thanks, guys.

C. Davis Thank you.

Moderator Thank you. Our next question comes from the line of David Gagliano with CSFB. Please go ahead.

D. Gagliano Hi, it was not planned to have back-to-back CSFB questions. I just have a quick question on the quarterly results. When I look at it versus our internal estimates here, it looks like shipments and costs are actually not that far off, but it looks like where we actually were off was the realized price. I'm wondering if you could give me a bit of assistance in terms of explaining why even after we lag it for a month, it looks like the premiums were below what you typically enjoy? I'm wondering if you can just give me a bit of color there? Also, to what extent if any, did your forward sales contracts play into the pricing that happened in the third quarter? I do have a follow-up to that.

D. Beckley David, this is David Beckley. As I indicated in my remarks, and again, there may have been some noise in the background, you may not have heard, on a one-month lag basis, the LME in the third quarter versus the second quarter was down $0.037. Also, the Midwest premium was down quite a bit from the second quarter. Our pricing is really Midwest priced-based for most of our contracts. It's not surprising to me that our price realizations would have been off by $0.03.

D. Gagliano Okay, all right. Sorry, I did have a bit of trouble hearing that. This is a related question; perhaps you just answered it. In terms of some more clarity moving forward, on the contracts that you have in place moving forward, which I have to go back and get. Did the second quarter press release show the prices of those contracts or at least the terms of the contracts?

D. Beckley No, David, we do not disclose what they are. Just as reminder, our basic philosophy is we do not like to sell forward unless we achieve what we consider to be the long term average price. I will tell you that all of our hedges that we have in place are well above the long-term average. The long-term average by the way, until the most recent year was $1,500 to $1,550, $0.60 to $0.70 per pound. All of our hedges are substantially above that. Obviously the hedges that matured during the quarter did have an impact also on the price realizations, but the principle driver was the fact that the LME, which serves as the basis for our pricing on a lag basis was off $0.037.

C. Davis — I think the other thing that might help you there is that as we disclosed in the last conference call I believe, and in an earlier on the prior hedge we put in late in ’04, we generally fell forward against the screen, against the quoted price. It’s not 100% fit, but it’s very close to that. If you go back and look at the prior releases – I don’t have the dates firmly in mind, but one was November and I can’t remember the other.

D. Beckley — June.

C. Davis — June. You look at the forward LME screen at that point in time, you have a pretty good idea of where we were in terms of what we achieved in our forward sales.

D. Gagliano — Okay, fair enough. Just a quick thought in terms perhaps – I’m just wondering if at all possible, if there any interest to disclose a bit more information regarding the terms of those contracts? Just because I think it might mitigate some of the volatility in the earnings, which I think is having an impact in terms of the share price, i.e. today. Just a thought.

C. Davis — It’s a good thought. We have thought about it. I guess so far we’ve decided that we weren’t going to do that, but we’ll take it on board. Thank you. Do we have any more questions?

Moderator — Absolutely. Our next question comes from the line of Timothy Hayes with BB&T. Please go ahead.

T. Hayes — Yes, good afternoon.

C. Davis — Afternoon.

T. Hayes — Have a question back on the Hawesville spot electricity prices. Could you give us some numbers on where that spot price electricity is now and how it has increased over the past year or so?

C. Davis — Well, it's increased a lot over the past year. We can give you some idea, but the problem with this is it's kind of what like California did. Everybody panicked a few years ago and Mr. Davis – and somebody was quick to point out to me this morning, my name isn't Gray Davis, it's Craig Davis. When the state went in and hedged out forward energy prices right at the peak and of course, got it all wrong. We don't know where it's going to go, but it's at a very high level today. I think if you were in trying to buy just spot power now, and this isn't necessarily normal smelter-type power, you're probably in the $60 million range. A year ago, it was probably in the $40 million, $45 million range.

That's the kind of impact that you're seeing with the world we're in right now. Where that will be in 30 days or 60 days, we really don't know the answer. Obviously we're looking very closely at how we deal with that and what we do with that.

C. Davis — Okay, thank you.

C. Davis — You're welcome.

Moderator — Our next question comes from the line of Amir Aif, with Friedman, Billings, Ramsay. Please go ahead.

S. Arnold — Hi, guys. This is actually Sam Arnold calling for Amir. A couple of questions for you guys. On your last operational update, it had given some guidance on the costs at Jamaica and then at Mt. Holly for the power, and we didn't see anything broken out on the actual press release. I was wondering if those costs materialized basically at what you were thinking, or if they were higher or lower? What the story was on that?

D. Beckley I think they basically were in line with what we had in our prior release. I think we indicated in our prior release that the impact on our P&L in the third quarter was expected to be around $2.5 million for that, for Jamaica and Gramercy. That the power surcharges in the three main – pretax – the numbers are very close to that.

S. Arnold Very close, okay, great. The other thing is you mentioned you had some cost increases on the Iceland smelter and you think you can mitigate those going forward. I guess the cost savings that you had – were they actually cost savings or was it a contingency run down? How were you able to mitigate that?

C. Davis We didn't really have cost increases in the classic sense of it. We did in that the currencies were stronger.

S. Arnold It was currency …

C. Davis It's all related to currency and the answer is on the other there are actual cost savings that we've been able to achieve, which has offset some of the increases we've incurred because of the currency.

S. Arnold Okay, but it wasn't just you took away half your contingency …

C. Davis No, it wasn't.

S. Arnold — Okay, great. I guess the power surcharges you mentioned earlier; you expect those to continue at an equal pace, assuming power prices stay equal over the remainder of 2005 and into ’06, is that correct?

C. Davis — I think the best prediction we could give today is yes, unfortunately. A lot of what we experienced in the last quarter was under special circumstances where the power provider had some capacity down and they to go into a really bad spot market. We don’t know whether this is now going to be inherent in the system or what. We are assuming though, there will be increases through the surcharge side, certainly in this quarter and into next year.

S. Arnold — How is barge availability along the Mississippi River now? Things have had a chance to line out a little bit, is that back to normal?

J. Gates — This is Jack. It’s probably not back to normal, but it’s getting close. Barges are being shipped up the Mississippi River. We get a loan up the river of course from the loan oil refineries, our own oil refinery in Gramercy, Louisiana and some from the Alcoa in Point Comfort, Texas. They are shipping so it’s back close to normal. It’s probably not back exactly, but it’s very close.

S. Arnold — If you could help me out with more thing, if you could talk about the pot count at Hawesville when you had the downtime there and just generally the reasoning for that and if you expect anything going forward? Or is this a one-time event I’m assuming …

J. Gates — It was a one-time event. We had some equipment failures in part of the plant and it affected the pot rooms. We normally take out a certain number of pots each month to reline them; that’s a normal cycle. What happened in the second and third quarter is we had an excessive number of pots that failed. Most of these pots were pots that were nearing the end of their life anyway, but due to some instability in our pot room area, we just kind of pushed them over the edge. To give you a for instance, we had about 35 more pots in the second and third quarter than we would have normally.

S. Arnold … out?

J. Gates Out and we had to reline them. What you do is you have additional labor costs and material costs and then of course you loose the metal production.

S. Arnold Right.

J. Gates But we are through that, the plant – I was in the plant last week, and the plant is back to normal. It's operating very well and looks very good.

S. Arnold Okay, very good. Thanks a lot, guys, appreciate it.

C. Davis Thank you.

Moderator Thank you. Our next question line comes from Daniel Roling with Merrill Lynch. Please go ahead.

D. Roling Thank you. Gentlemen, going back to the Hawesville, I just want to understand, you said 27% is open January 1, '06. Are you required to take that or could you shut the pot down if you're still not comfortable with the price?

C. Davis — We are not required to take it. We do have flexibility in our operating level.

D. Roling — Then going back to the cost of the impact of the hurricanes. Maybe I missed this early on when there was some noise. Did you quantify the dollar amount that's related to the hurricanes?

D. Beckley — Dan, David. We had an earlier release and we said we estimated the impact in the quarter of about $2.5 million and it came in very close to that.

D. Roling — Two and a half …

D. Beckley — Pretax, yes.

D. Roling — How much would you allocate to the gas in the quarter?

D. Beckley — Actually in the quarter itself, gas had very little impact in the third quarter. It's expected, for the reasons I indicated, to have more of an impact in the fourth quarter.

D. Roling — Have you put any number to that yet?

D. Beckley — No we haven't. Dan, in my remarks I indicated the amount of gas we use overall. For the fourth quarter, we're probably maybe 15% hedged in the fourth quarter. For next year, we're a little less than 20% hedged in pricing in gas for the run up in the prices. The rest of the gas we're exposed to.

D. Roling — Okay. Just to review – make sure I got those right – it was nine million BTUs?

D. Beckley Nine million MMBTUs for all of our facilities, of which about 75% is related to our share of the gas needs at Gramercy.

D. Roling That's on a full year basis?

D. Beckley That's a full year basis, yes.

D. Roling Thank you.

C. Davis Hey, Dan, thanks.

D. Roling Thanks, Craig.

Moderator Thank you. Our next question line comes from the line of Larry Peck with Copper Beach Capital. Please go ahead.

L. Peck Hi, guys. Here's a question, I'm just kind of thinking aloud here. I just want to get your take on this. Is there a certain point where with the cost inflation that it would make sense – and given where spot alumina prices are – to actually shut down or at least temporarily idle one of your smelters and sell the alumina on the spot market?

C. Davis I think the honest answer is one must consider that if everything gets so out of whack that you really have to look at it. Fundamentally, we're in the business of making primarily aluminum with these plants, so you want to run them and their most efficient level is to run them at capacity. If you have a situation where for example, in the case where we have 27% of our power unpriced, you have to look at the impact of bringing spot power into cover that versus not running the capacity that that power would support, yes.

L. Peck — Is it something that you guys are considering?

C. Davis — We look at all the options to try to get the best result we can. You don't do this lightly. You don't turn these things on and off overnight. We clearly are studying all of the options and what we think will give the company the best results and at the same time, take into account our long-term situation. I think the last thing we'd want to do would be to say well gee, the power cost in January is too high and therefore we're going to shut something down and then we'll start it back up in February. That would end up not being economically intelligent. What we will look at is if we see we have a problem that's longer term that we have to deal with, we'd have to consider the best way to deal with it.

L. Peck — One of the things it seems to me is that the power costs – yes, they're an issue – but it seems natural gas is becoming more of an issue given Gramercy. That of course, filters right through to Hawesville. It seems to me natural gas is maybe a little inflated now, but not – I don't think anyone really thinks it's going to collapse in the next few years.

C. Davis — Well, I think two things. One, natural gas is not an issue at the smelters. It's a very small part of our cost, so it really doesn't relate to whether we decide to run or not run a smelter or a reduction plant. The natural gas at Gramercy clearly affects Gramercy, but our Gramercy costs would certainly be well under the spot market for alumina. We are still much better off running Gramercy and supplying that alumina to our own plant.

I don't know what natural gas is going to do, but I know that before Katrina, everybody thought $6 was incredibly high, and I think most of the world was saying we're not going to buy forward at $6. Here we are now at a considerably higher price. Once all these issues sort out, I don't think it's going to stay at the level created by these issues related to the hurricane. Will it come all the way back down to where people used to think of it at $3 or $5, I don't know. Will it stay at $6? We don't know that. Obviously once the production is back to where more normal levels, it's going to have some impact on the very high spike that we're in today. We're looking very carefully at how to deal with that and not going to rush in and hedge out let's say, at a $12 price when that really is directly related to what's happened in the Gulf in recent months.

L. Peck — Okay, fair enough. Thanks a lot.

C. Davis — You're welcome.

Moderator — Thank you. Our next question from the line of Wayne Atwell with Morgan Stanley. Please go ahead.

W. Atwell — Thank you. If you could help us out here understand the possible impact of some negotiations. You have some alumina contracts that are up for renegotiations, and I'm assuming that the old link was about 12.5% of the aluminum price. For modeling purposes, would it be fair to assume that might ratchet up to maybe 14%? Can you give us some thoughts on that?

C. Davis — I hate to say too much because we don't want the people we're talking to think we're going to pay them those prices, Wayne. I think 12.5% is pretty optimistic in terms of what we've been paying. We've had some pretty decent contracts, but that's probably below what the world has been in recent times. I think the more recent averages have been between 12.5% and 13.5% and I would say we've been in that range. Not really 12.5%, but in the range.

In terms of going forward, we are in discussions. We don't need to do anything until the beginning of '07, but obviously we're trying to plan ahead for this. It's a bit in a way like the energy thing; you're in a very, very strong spot alumina market, which will influence the contract market. We're looking at what the options are. I would say getting up into the range you're talking about is more realistic than the historic range though.

W. Atwell Okay. Then could you give us your thinking again on the natural hedge? The company is changing pretty quickly, and we tend to get out of whack in terms of the percentage that floats with the alumina price.

C. Davis We had up until we took over Gramercy, all of our alumina – I mean we won't try to do the math now because I'm not very good at that anyway over the phone here. But if you go back and look at where we were, all of our U.S. capacity, the alumina was purchased percentage LME. We now have Hawesville being supplied out of Gramercy, so it's no longer percentage LME. The balance of our domestic contracts are still percentage of the LME and will be so through '06, and at least one piece of them into early '08 I think it is. The new contracts that we're discussing are fundamentally percentage LME as well. It's just as you point out correctly, that percentage may change somewhat.

In the case of Iceland, again those are all tolls, so in essence that's neutralized in Iceland. We do have our power there, which is percentage LME. I don't remember what percentage of the

Icelandic process that relates to in terms of the costs. Across the whole company it's not a big number in terms of the hedge position.

W. Atwell So excluding Hawesville, everything pretty much more or less at this point, floats with the alumina price?

C. Davis That's correct.

W. Atwell You guys have been pretty aggressive about growing your company in the past. I know you've been looking in Iceland. Is there anything surfacing there that's exciting that you might give the go ahead on?

C. Davis I think we may have discussed it in the last call, I don't remember, but we did announce a MOU letter of intent with the community in the south to work on a Greenfield project in the south near Keflavik, near the airbase there. We are working on that as we speak. We're working on the preliminary environmental reports and so on. It's a very good site. It has its own port already. The port would require some expansion. It has some distinct advantages in that it is very close to the population centers of Iceland. Keflavik, which is a good-sized town, I think 15,000 or whatever. Any where else you look around Iceland other around Reykjavik, you're talking very, very small villages.

In addition, the American base that has been there for years has been slowly reducing so that there is some real interest in terms of the local communities in having employment. At the same time, obviously we have to get the power in place and we're working on that. We have an MOU covering that as well. The answer is yes, we're very positive. We're very excited about our further prospects in Iceland, but those will take more time to develop obviously.

W. Atwell — And what size might that smelter be if you go ahead with what's being proposed?

C. Davis — Well, it's early days, but I think we would ultimately look for about 250,000 tons and you might do that in two steps. That's yet to be determined, and it would really depend a little bit on how quickly the power might be available.

W. Atwell — Would you own 100%?

C. Davis — We'd like to, but I think again as you know, Wayne, we try to be flexible and look at what works best for the company overall. So we don't rule out discussing it with somebody.

W. Atwell — Then lastly, any other initiatives other than Iceland?

C. Davis — We have some others, but we haven't discussed them publicly yet. I think the best thing to say is we continue to look upstream as we said we're going to do. We continue to actively look for opportunities, both existing facilities and expansions in the primary aluminum area.

W. Atwell — Great, thank you.

C. Davis — Thank you.

Moderator — Thank you. Our next question representing Prudential Equity is from the line of John Tumazos. Please go ahead.

J. Tumazos — Craig, over the company's history Century has made a lot of great risk management decisions in terms of assets and matching different input and output costs. Your supplier industry, the electric utility industry, doesn't always match things. I mean a spot cast is often used for peaking units. Coal mines say their typical contracts are one to three years, but yet there are a lot of power contracts of long duration, such as the traunch you enjoy in Kentucky and many others around the aluminum industry.

C. Davis — Yes.

J. Tumazos — It makes me kind of queasy to worry about – not about your company – but in general, electric furnace steel mills, aluminum smelters, where the power suppliers mismatch their fuel to their power contracts. I guess it might make the power delivery commitment a little weak if the power generator doesn't have his fuel bought. Does Century every consider participating in a venture to generate your own power? Not a majority stake, but something so you have some control given that the electric utility industry isn't as always as well managed as your company?

C. Davis — Thank you for calling us well managed, John, I appreciate that. I'd have to say on occasion I get queasy as well. Certainly the power surcharge that we've experienced at Mt. Holly is not a plus. The answer to your question is as I said earlier; we're looking at all options. I think we clearly have to discuss this as a potential. One of the reasons we probably have not gone further in this are previously is that as you know, we do have limited capital resources and so we try to put our capital work where we think it's most effective and it helps us achieve our strategic objectives.

I do think though, as a company using a lot of energy, we have to consider all options and I think that's one we have to consider. We have had, I would have to say, very, very sort of early days kinds of discussions in this general area.

J. Tumazos — Of course I've never had a power purchase contract, don't know anything …

C. Davis — I don't believe that, John.

J. Tumazos — Is it possible in these negotiations for the large industrial user to buy the fuel and have the generating company toll? In other words, you do the coal purchase contract, you do the gas contract. Whatever the fuel – uranium, whatever it is – and let them just run a power plant?

C. Davis — John, for somebody who doesn't know anything, you come up with very good ideas. The answer is, I think it's possible, and we also have considered that and looked at that. It's a question of a bit of timing on an issue like that. Unfortunately this has happened fairly quickly in some of the situations in the United States in general. Not just for us, but across the board, which I think is what you're referring to. You really probably can't when you've hit it sort of in front of you at the one point and time, maybe we can't do any better than our power provider. But over time and with some concerted effort on our part and our partners and so on. I think that's something yes again, we have to look at and we have discussed.

J. Tumazos — Is it a reasonable demand when you negotiate a contract to say that to the utility that unless you've bought the fuel, we don't want to sign the contract because we don't want to enter into a contract that we don't the utility can deliver?

C. Davis I think it's a very reasonable demand. Of course most of these contracts have been there for a long time, and when they were signed, in essence that demand was made. Or in essence the power providers had the coal and had whatever their underlying resource was to provide the power. This has become more uncertain in recent times and as we look at where we are with some of our power contracts and we look at going forward, that's clearly an issue we're looking at very carefully in terms of what kind of coal contracts the provider has. Have they locked them in? How strong are they and so on? Absolutely that's become a more important issue for us.

J. Tumazos Congratulations and good luck. Thank you.

C. Davis Thanks, John.

Moderator Thank you. Our next question is from the line of Victor Lazarovici with BMO Nesbitt Burns. Please go ahead.

V. Lazarovici Good afternoon, thanks.

C. Davis Hi, Victor.

V. Lazarovici How are you?

C. Davis Good. You don't even bother to correct people anymore when they pronounce your name, right?

V. Lazarovici No, I spend half my life doing that.

C. Davis	Anyway, go ahead.
V. Lazarovici	A couple of questions. Your partner in Gramercy and St. Ann is in the midst of a proposed merger.
C. Davis	Right.
V. Lazarovici	Often in the partnership agreements – and you have two of them with them – a change of control provision gives you preemptive rights. Do you believe you have those rights under your current arrangements with …?
C. Davis	I think it's a step removed, so I don't believe there is any such thing.
V. Lazarovici	Okay, because it's a friendly merger, is that the reason?
C. Davis	No, it's the change of control is at a different level than the direct partnership. So I don't believe that there is a trigger like that.
V. Lazarovici	Oh, okay. The other question has to do with management. I think early this year at the first quarter conference call, you announced your intention to retire at the end of this year. We're getting within a couple of month of this year.
C. Davis	We are, yes.
V. Lazarovici	Is that still your plan? With David announcing his retirement as well, what's the succession plan and when might you make it public?
C. Davis	Well, we're not going to let David go. No.

V. Lazarovici That's good.

C. Davis I don't actually know whether I announced it or not. As you well know, I had actually retired once and came back and the commitment was basically through this year, which has been the commitment. We have, as I think discussed in the last conference call – we have had a search going. I said then and I have to repeat now, we're disappointed in the time it's taken. It has taken longer than we expected that it would and should, but sometimes these things work that way.

I think we could say today we are – we have a basic understanding with an individual to succeed me. We're not yet ready to announce that, but I think it should be quite soon. I hesitate only because until something is finally done, one is always reluctant to state oh here we are and we've done this. At least we are; we try to a little bit conservative in how we say these things. I think we are very close and we will have this done.

At the same time, we have picked up the process on a replacement for David. That's well underway. I think what we will have is maybe not the kind of transition we might have discussed in the first quarter, which would have been many, many months starting earlier in the year. We have structured it so that we have I think, the making for a very good transition where the new CEO will be in and will work closely with me and with the team that's here today. At the same time we'll bring in the other senior people who will be involved in the company going forward, and everybody will have more than ample time to work together to make sure we have a smooth transition.

Not to kid about it, David has certainly committed and agreed that to the degree there's a requirement for a transition that goes beyond the end of the year, he's there to support us and support the company. I think we're in relatively good shape there, Victor.

V. Lazarovici Okay. Although I think I liked your first answer better.

C. Davis I think he feels happy that you view him that way, but I still think he plans to retire.

D. Beckley Thanks, Victor.

V. Lazarovici If I could ask the last question on hedging. A few quarters ago as the metal price started to get above what you've described as higher than your long term expectation, you started locking in those prices and the price continues to rise. Have you changed your view on where you want to hedge or are you using the same level of premiums to go further out in time? Or just buy protection at higher prices?

C. Davis I don't think we've changed our view. We've always said that we had a – first of all, it's something that we don't have a formula for. It's a fluid situation. We try to achieve our objectives at the same time within an understanding and view of where the market is at that time, and in general where we think it's going. I think we've certainly seen some stronger pricing in the very recent times, especially the forward market, the backwardation has come in.

I think we also have always said we aren't going to try to pick off the peaks. We're not smarter than the market over time, and so we have to do a hedge when we find a comfortable level and a level that we can support. There's another interesting – not interesting, but important part of that – in that there aren't always counterparties available. We have done, as you well know, a couple of large hedges in the last say nine, 12 months, where we had a counterparty on either side so that we could actually put that kind of a hedge together.

At this point, we are not actively looking at doing any long hedges for the near term. Next year – the balance issue obviously next year – we have a hedge position that's about as strong as we like to have it. We like to keep upside open with the equity investor. Beyond that, we have put hedges in place where we think it's the right position to be in today to build the underpinning we want for the future of the company and to offset some of the higher cost operations we have.

I don't know if that's helpful, but basically that's where we are in the hedging. Right now, we have not done anything further, nor do we have anything that's going to trigger us necessarily to do any more.

V. Lazarovici: Okay. The numbers that David talked about earlier are the ones that we should assume are going to be in place for a while?

C. Davis: Well, the hedges – what we've talked about is there, and that's in place. The question that maybe that you're sort of in a way asking is what's going on – or has what has gone on there affected our view or impacted our view of the long-term value of metal? That's a very good question. The answer is I think we have to watch that carefully. I think if you have a continuation of the underlying cost in the industry that are higher than they have been, there has to be some give in that.

The other thing I think we've discussed – maybe we discussed it in the last conference call – is that actually a fairly high percentage of the world's primary aluminum capacity is now what you would call high cost. United States as a country is a high cost producer. Europe is a high cost producer. Actually the biggest producer in the world, China, is basically a high cost producer. Now, they approach it somewhat differently, but nonetheless, their energy costs are high, their alumina costs are high, so they're fundamentally a high cost producer.

This amounts to last time we looked, to about half of the world's total capacity. I think logically we're going to need a reasonably good LME price to support that much capacity. Is there a shift going on from the old view of people that the long term value is say $1,400, $1,450 to $1,500 to $1,550, is that moving up? I think the jury is still out, but there's a good argument that that could be moving up somewhat. In terms of our hedging policy, we have to be careful to watch that.

V. Lazarovici Right, that is kind of what I was alluding to.

C. Davis Okay. We are sensitive to it and we are watching it. The thing I think the danger is just like with high energy prices today or high gas prices, the danger we all have to watch is that when things are very high everybody then starts forecasting them to stay that way forever. When thing are very low, they're reversed. Everybody says the sky is falling and it's going to be awful forever. Neither one of those tends to be the case and we are in a cyclical business that the global economy is cyclical and I think our commodity will be cyclical. Will continue to be, so that the current prices we're seeing we should be quite happy, they're very strong.

I don't think we should necessarily say this means that the long-term price has gone up $200 or something. I do think there are some underlying fundamentals that can drive you to the conclusion that the long-term price will move up somewhat.

V. Lazarovici Okay, thanks, Craig.

C. Davis Thank you.

Moderator Thank you. Our next question comes from the line of Tim Adler with J.P. Morgan. Please go ahead.

T. Adler Hi, forgive me if you've already been over this, I got cut off briefly. I just wanted to get a little more detail on Hawesville during the quarter. Specifically I was wondering if you could tell me how much mix degradation you would have experienced as a result of the pot failures? I guess that question pretty much speaks for itself.

J. Gates The pot failure really had no major effect on mix as far as the quality of the aluminum we're producing. It has to do with the amount of aluminum. A pot at Hawesville produces about 80,000 pounds of metal a month, so when you lose a certain number of pots, you lose that production. As far as the quality of the metal coming out of the plant, very, very slightly affected – not much to affect our mix at all.

C. Davis It's purely a volume issue.

J. Gates Yes.

T. Adler — Okay. Second, I was wondering if you could give me a little better sense of what the total dollar impact was of the pot failures? Taking into account not just the expense of repairing the equipment or replacing the equipment, but also the lost tonnage, the negative absorption of overhead, etc.?

J. Gates — As I told you, in the third quarter we had about 30 pots. Each pot is $100,000, so you're looking at $3 million there. There are some additional labor costs in overtime, there's equipment, there's disposal of spent pot liner. You're looking at something in the neighborhood of $5-$6 million.

T. Adler — During the quarter? That's great, thank you very much.

J. Gates — That's higher than normal. Compared to the prior quarter, it's maybe $2 to $3 million higher than the prior quarter.

T. Adler — Thanks very much.

C. Davis — If you look at it quarter-to-quarter it's because it was already building in the second quarter.

T. Adler — Right.

C. Davis — Okay, does that answer your question?

T. Adler — Yes.

C. Davis — Okay, good.

T. Adler — Great.

Moderator	Thank you. Our next question is from the line of Jordan Hollander with Jefferies & Company. Please go ahead.
J. Hollander	Hi, guys. I think most of my questions are already answered. I just wanted to know if you guys were giving some kind of update on what capex will be in ’06? I guess related mostly to the Nordural project?
D. Beckley	I’ll come in on that. The total capital costs for Nordural is $470 plus million. We expect to spend roughly $300 to $325 million this year. We spent about $90 million last year, so the balance of it will be in ’06. For Nordural maintenance capex, I think we’re probably going to come in somewhere near $20 million for ’06, $15 to $20 million.
J. Hollander	Okay, great. Just about the capacity coming on. I think in the press release you guys say it should be up mid-’07. Is any of that going to be up in ’06?
D. Beckley	We’re actually coming on stream in February of ’06. Sales start up in February ’06 and by the third quarter we should be at full capacity on the expansion. It’s ’06 not ’07.
J. Hollander	Okay, yes, I think in your press release it says mid-’07.
C. Davis	I think that’s the final piece that we were anticipating.
J. Hollander	Yes.
C. Davis	But the start up is ’06 and we’ll have most of it at capacity in ’06.
J. Hollander	Okay, great. That’s it, thanks, guys.

Moderator — Thank you. Our next question comes from the line of Steve McNeil with Jennison Associates. Please go ahead.

S. McNeil — I was wondering if you could remind us again how you've talked about the sensitivity of the company's earnings to the change in the commodity price historically?

D. Beckley — Steve, for '05, we were effectively were about 55% hedged between the natural hedge from alumina and the toll arrangement. Basically the way you do it is you take our capacity times 45% times a penny, times our tax rate. Our normal tax rate, since we're not accruing taxes on Nordural using a U.S. federal rate anymore, is about 32%. If you go do that math, I think our sensitivity in 2005 was each penny changes like $0.14 per share.

C. Davis — In '06 …

D. Beckley — In '06 … in '06. I didn't have the exact percentages with me now, but I think assuming we have our percentage alumina contracts, which we will in '06, roughly 45% of our capacity I believe is hedged in '06.

C. Davis — Or 55% is …

D. Beckley — Fifty-five is open times our tonnage, so forth.

S. McNeil — That would take it up higher than 14%?

D. Beckley — Yes, it would.

S. McNeil — What are the cost assumptions behind that? It sounds like on the margin, costs will be higher in '06 theoretically than they have been this past year. What's the interplay there? Can you help us understand that?

D. Beckley — Again, the assumption is absent – certainly if costs change, either go up or down. You look at it in the context of a one-cent change in the price of alumina. Your costs are not going to change when the price of aluminum changes by one cent per pound as an example, except for the percentage alumina contracts you have. Basically, substantially all of that is going to flow to your bottom line.

C. Davis — You're right, we are anticipating some cost increases for '06 based on the energy situation today. That becomes in essence, fixed. When you start then looking at movement in the LME, you have to look at it the way David has described it.

D. Beckley — Exactly, and the percentage that I indicated, 45% effective hedge, includes our percentage alumina contracts that are a natural hedge.

S. McNeil — So 45% hedge in '06?

D. Beckley — Yes, approximately 45% in '06. That's what we priced as well as the natural hedges associated with our percentage alumina contracts and our total in electricity arrangement in Nordural.

S. McNeil — Fair enough, thank you.

Moderator — Thank you. At this time, speakers, there are no additional questions in queue, please continue.

C. Davis — All right, we'll just wrap up then. Thank you very much for your interest today. The third quarter as we see it was very challenging for us. We had a number of issues to deal with. We had the storm-related issues, which impacted our performance during the quarter. We really had pretty good performance in our smelters. They were very positive other than the remnants of the issues we had at Hawesville. We've been sitting actually with our people earlier today. Hawesville is back where it should be, and we expect much improved performance from Hawesville in the fourth quarter.

We feel that we have excellent prospects for growth in Iceland. We will be working on further expansion there and we will be concluding our existing expansion and hope to have most of it started up as Jack has said, next year.

We view our primary challenge at the present time is in fact, the energy situation in the United States. What we discussed today I think covered pretty much the full spectrum of the energy situation and what we see it. A Some of John's thoughts and comments are very, very appropriate in today's world. We really are looking at all the options we have to try to manage these costs and to try to reduce our exposure and risk in the future to the volatility of these costs.

We don't have all the answers today; I think we'd be foolish to tell you we do. But we can assure you we're actively working on these and we certainly hope to have a better view of this by the time we speak at the end of the year for the next conference call. Thank you very much and we'll look forward to speaking to you, I guess it will be early next year.

Moderator Ladies, and gentlemen, that does conclude our conference call for today. We thank you for your participation and for using AT&T Executive not Teleconference. You may now disconnect.