CENTURY ALUMINUM COMPANY

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Moderator	Ladies and gentlemen, thank you for standing by. Welcome to the Century Aluminum First 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; instructions will be given at that time. As a reminder this conference is being recorded. I would now like to turn the conference over to our host, Mr. Mike Dildine, Director of Corporate Communications. Please go ahead, sir.
M. Dildine	Thank you, Ricardo. Good afternoon, everyone, and welcome to the conference call. For those of you joining us by telephone, this presentation is being Webcast on the Century Aluminum Web site, www.centuryaluminum.com, with an accompanying slide presentation. The following presentation, accompanying press release and comments include forward-looking statements within the meaning the Private Securities Litigation Reform Act of 1995. Such statements relate to future

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

Investors are cautioned not to place undo reliance on these forward-looking statements. For risk related to these forward-looking statements, please review Annex A and our periodic SEC filings, including the risk factors and management discussion and analysis sections of our latest annual report and quarterly reports. In addition, throughout this conference call, we will use non-GAAP financial measures. Please refer to the appendix, which contains the reconciliation to the most directly comparable GAAP measures. I'd now like to introduce you to Century Aluminum Company's President and Chief Executive Officer, Logan Kruger.

L. Kruger Thank you, Mike and hello, everyone. Welcome to Century Aluminum's Conference Call, covering the first quarter of 2006. We have just finished a strong quarter, with all our plants operating well. Before we begin I'd like to introduce to you Bob Nielsen, our newly appointed General Council and Secretary. Bob joined us here today, succeeding Jerry

Kitchen, who will continue to assist us with special projects over the next year. We are very pleased to have Bob onboard, and thank Jerry for the outstanding contributions he's made in Century over the past decade. Jack Gates is here with me to describe our operating results, and Mike Bless will provide comments on our financial performance.

Let's get started. Our strategy remains unchanged; we will continue to grow our primary aluminum business capacity. In addition to increasing our assets and cash flow, the execution of the strategy will provide critical mass and lower our cash break-even point. We will continue to diversify our production capacity towards low cost regions to improve our position on the global cost curve. Iceland is the focal point of the strategy, and we have made encouraging progress in Iceland during the first quarter. We are actively pursuing opportunities to expand upstream into bauxite and alumina. This is an attractive business with strong margins and returns.

Our hedging program is fundamental to our strategy. This practice provides us with an important tool for under-pinning cash flow throughout the market cycle, while remaining meaningfully exposed. Mike will describe our hedge position in more detail. A final, but critical strategy is to maintain our strict focus on safety, productivity, and operational excellence. I am proud of the performance of our Operations Team in the first quarter, and Jack will have more to say on this point.

When you look at the first quarter overview, the first quarter was an excellent one for Century. We operated well, and obviously benefited from the strong markets. Importantly, we made meaningful progress on our objectives. We were very pleased with our financial performance. The revenues are $347 million and operating income of $64 million were both records for the company. Operating income increased more than 130% from the fourth quarter of 2005. Mike will have more to say on this in a moment.

Jack will lead us through a discussion about our operating performance. The teams at our smelters and our alumina refinery are doing an excellent job. Finally, we made progress on our growth objectives in Iceland on three fronts. Our expansion from 90,000 metric tons per year to 220,000 metric tons per year is ahead of schedule. We were able to accelerate our further expansion to 260,000 metric tons per year into the year of 2007, and we've progressed our Greenfield project at Helguvik. Last week we signed an agreement with the Reykjanesbaer Municipal Council on the proposed Greenfield smelter site, as well as a separate agreement with the Reykjanes Harbor Board for the associated harbor site.

As I mentioned before, our proposed Helguvik site has a plat flat profile, is near by to the local population and infrastructure, and has harbor access. We are working on the energy supply project, and are confident that we will continue to move this project forward.

If we look at the industry fundamentals, the global economy is strong with significant expansion in developing countries, steady growth in the U.S. and an improving outlook for both Europe and Japan. Global aluminum demand is expected to grow a healthy 4% to 6% in 2006 and 2007, and Chinese aluminum demand is forecasted to be in the mid teens. Based on the 2005 global consumption of 32 million tons, this indicates demand growth of roughly 1.5 million tons of new capacity each year. Alumina capacity additions are expected to be only 2% to 3% over the next few years due to the lack of long-term car contracts at affordable prices, and high alumina cost. Greenfield capacity generally requires seven years from pre-feasibility to production.

The Chinese government continues in its efforts to limit investment in the aluminum industry, and shut down small inefficient and polluting smelters. These measures include replacement of the 8% rebate on tolled alumina with a 5% tax. Enforcement of environmental standards and limitations on new products and alumina tolling permits. The interest rate hikes in China should also somewhat discourage other investment in the alumina industry.

There is one to two million tons of potential new capacity that has been bought in China, and has not started due to power shortages and expensive alumina. It must be expected that some of this capacity will likely start up over next few years, as power in various regions becomes available. In Western Europe there is five hundred thousand to one million tons of aluminum capacity at risk of closure due to high power prices. This includes 240,000 tons scheduled to close this year in Switzerland, France, Norway, and Germany. Idle capacity in the U.S. is unlikely to restart with power prices at current levels.

Western world inventory levels are less than 40 days reflected the tightness of the aluminum market. Since year-end 2005, IAI stocks have fallen 200,000 tons, and Japanese port stocks have fallen 60,000 tons.

LME inventories are up 95,000 tons since year-end, as strong prices flushed out hidden stock, but have fallen steadily since mid-March from 795,000 tons to a present 740,000 tons.

Consumers are showing signs of restocking and inventories are expected to decrease further. Premiums for delivery and value-added products are rising. The Midwest premium is close to $0.06; Jack will speak to this as well. Aluminum prices have increased more than 20% since the beginning of 2006 and almost 35% since the beginning of 2005, but have led other metals such as copper, which is up nearly 60% year-to-date, and 140% since the beginning of 2005.

The alumina market is expected to remain tight throughout the rest of 2006 and possibly to the end of 2007. Chinese alumina production is forecasted at 10 million to 12 million tons in 2006, up from 8.5 million tons in 2005, but China will remain a significant importer of alumina in the near-term. I'd now like to hand it over to Jack Gates.

J. Gates — Thank you, Logan. Smelter operations were excellent in the first quarter at all of our facilities, as Logan mentioned. The Hawesville Smelter continues to improve in potroom production, energy efficiency, and production cost. Production and energy efficiency records were set in March and the total first quarter production exceeded expectations by over 4,000 tons. The Ravenswood smelter continues to operate at a very high standard of performance, as measured in both total production and energy per pound of alumina produced. Mt. Holly met its production goal for the first quarter, and continues to increase the amperage to its pot lines in order to increase production. Nordural had an excellent first quarter in production and in controllable cost. The start-up of the new pot line is ahead of schedule and final construction cost is projected to be under budget, including currency exchange losses.

As we announced earlier today, the tentative agreement that was reached with the United Steelworkers at our Hawesville Smelter was not ratified by the members during the voting that was held on Monday, May 1st. Both parties have agreed to extend the previous deadline to permit further discussions. It's probably worth mentioning that the agreement had been agreed to and recommended by the Plant Negotiating Committee, International Union, as well as the company.

Negotiations for a new labor agreement at the Ravenswood Smelter have not yet begun, but discussions should begin shortly. A new three-year aluminum supply agreement has been concluded for the necessary tonnage to supply our three U.S. smelters for the medium term. These contracts are variable price contracts linked to the LME metal price.

Safety performance at all U.S. operations at Nordural was very good in the first quarter. The same cannot be said for our Jamaican bauxite mining operation, as we experienced a fatality in February, when a contract truck driver was killed when the truck he was driving rolled over on him. We continue to stress the safety of our employees as our top value, and are saddened by this terrible accident. The fatality investigation has been completed, and corrective actions have been implemented.

Bauxite and alumina: The bauxite operation in Jamaica had a very good first quarter, as the weather cooperated and the mining contractors performed better than expected. The mines on schedule to produce and ship 10% to 15% more bauxite than it did in 2005. Gramercy had a very good production month in March, making up some of the February loss that it experienced due to the power outage. Gramercy finished the first quarter slightly behind projection, but close enough that it should make up this difference during the year.

Natural gas costs continue in the $7 to $8 dollars per MM BTU range, but all the technical factors indicate that natural gas prices should continue to fall. There remains a hurricane factor build into the winter strips that keep prices artificially high.

Demand for aluminum remains strong, with prices above the one-dollar per pound level and the increasing mid-west premium. The LME cash settlement price closed in March at $1.10 per pound with the mid-west premium of $0.5.6 per pound. We've seen further increases in April already, and most of the markets we participate in continue very strong. Aerospace, which demands high purity alumina, remains good, which fits the Hawesville high-purity production very well. Automotive is the only sector showing continuing weakness. Total company shipments in the first quarter exceeded projections, ending March with only – around two days of production in inventory. Now I'll turn it over to Mike.

M. Bless Thanks a lot, Jack, and good afternoon, everybody, thanks for joining us. As Logan mentioned, we're really pleased with the company's performance in the first quarter, and let me just go through some details starting on slide ten. I'm going to reference also some information on slides fifteen and sixteen, as Mike pointed out, some of the non-GAAP reconciliation data.

Excluding the mark-to-market adjustments, the company earned $1.30 in the first quarter of 2006. This compares with $0.50 in the fourth quarter of last year and $0.83 in the first quarter of 2005, both of those numbers obviously before mark-to-market losses. Sequentially versus the fourth quarter, net sales were up about 18½%, and as Logan mentioned, operating income up over 150% versus the fourth quarter of ’05.

Sequential sales growth of $54 million was based primarily on two factors. Number one, our realized prices on our direct sales, if you’ve had a chance to look, we’re obviously up about 17 ½ % sequentially versus Q4 to just shy of $2,280 per metric ton. In addition our toll ... was up about 6% from the fourth quarter of last year, obviously from the expansion capacity we’re bringing on in Iceland at Nordural. On this sequential sales increase, gross profit increased about $42 million versus the fourth quarter, with the gross margins almost doubling to 22%. Two major impacts on gross profit I’d like to talk about in addition to the price and the volume. First is our power costs, were up a couple million dollars in the two to three million-dollar range versus the fourth quarter sequentially.

I'd say a mishmash of items quite frankly, with some increases and some decreases, and let me just give you a sense of what made up that $2 million to $3 million increase.

First on the increase side, obviously our power cost at Hawesville increased, as we priced out the previously un-priced piece of power at Hawesville at prices above the long-term contract price. In addition our electricity cost in Iceland increased. As many of you know, we pay for our electricity at Nordural as a percentage of the LME, given metal prices increasing obviously our power costs go up. On the other side we had a little bit of easing in our fuel surcharges at Mt. Holly. As you remember, we got hit with some surcharges in Q4 and those eased a little bit this quarter, and in addition our natural gas costs were off versus Q4.

In addition to power, our alumina costs were up about $3 million net Q1 over Q4, again the impact of a market-based increase of about $7 million. As you know, we've paid for our alumina at our Ravenswood and Mt. Holly smelters here in the U.S. on a percentage LME basis, so do to the market rise those costs were up. Going the other way, as you recall, we were required to purchase some spot alumina last quarter, which hit us for a couple million dollars, and we did not purchase any alumina on the spot market this quarter. I might note that we have contracted to purchase a small amount of alumina, obviously at spot market prices for Q2, so that will hit us in the current quarter. That's obviously good news on a net/net basis, because the requirement for that additional alumina is based on production in excess of our expectations, principally at our Ravenswood Smelter.

Walking down the income statement, SG&A as you'll see is up a little bit. We still think – continue to plan on $7 million to $8 million per quarter being a good run rate number for SG&A. This quarter, as you can see is about $4 million higher than that number, principally from two items – solely from two items really. The majority of it is from the cost of bringing on new senior executives to the company, and most of that is due to the FAS 123R expense of expensing options and restricted stock units. In addition to that cost, we did bear a little bit higher incentive compensation payments or expense this quarter due to the company's financial performance.

You've seen the mark-to-market charge on the derivative accounted for its sales this quarter, obviously driven by the higher metal price. I'll give you some more detail on the next slide in a moment. As we've noted before, these are very long-term contracts that produce most of this mark-to-market loss, the longest of which extends through the middle of the next decade. Again to remind you, that the volumes under the two long-term contracts, the financial forward contracts that settle in fiscal ’06 and ’07 are relatively small, only about 11% of the total volume under those contracts, and again, I’ll go through some more detail on those in a moment.

Lastly, free cash flow, was back on page 16, is some data on the cash flow; it came in at about as expected this quarter. As you might have seen, if you’ve gone through the balance sheet or the cash flow statement, we had a use of cash for working capital this quarter. Two items there I might note: number one, the market-based impact of that obviously as metal prices go up are trade accounts; receivables; inventory; other trade accounts rise with it. I would note that if you look at the various measures that we track very closely of the company’s working capitals intensity and productivity, things like day sales and receivables, inventory terms and the like, the company continues to perform very well there.

In addition we had some items in Q1 that do not repeat every quarter, they’re seasonal items, and I’ll point out a couple. For example, if you take interest payments, incentive compensation, and tax payments together, those aggregate to almost a $25 million use of cash during Q1, those obviously don't repeat every quarter. Our new power contract at Hawesville, two items there of increased and restricted cash that you can see on the balance sheet, that we needed to post. In addition to that, we prepaid the first portion of that, and those two items together are about $7 million. We'll obviously get that back as we go through the balance of the year. The bottom line, we continue to expect a good strong cash flow year for the company.

Moving onto slide 11, we've shown you this slide before, this is updated, these are our forward price sales as of March 31st of this year, that's settled in each of the next five years, and then we've shown you the accumulative period of 2011 to 2015. You'll note the additional volume line, again those of you who follow the company, understand what this is. This is the doubling of volume from the two large financial forward contracts that we executed in November of '04 and June of '05 respectively. We've assumed here, as you can see in the footnote for the purposes of this analysis, and importantly for the purposes of our accounting on our derivative contracts, that these volumes do indeed double every period as the current market price is far in excess of the contract price.

Moving onto slide 12, we've given you a little bit more information here on the company's hedge position, let me just take you through it. You see to start off with the forward sales volume, both base and additional, that we detailed on slide 11 on the prior slide. In addition to that, we've added the other items that in effect are naturally hedged, based on contract terms that we have that fluctuate based on the price of metal; I'll go through them quickly here. Number one, Nordural, our total business in Nordural is on a percentage LME basis, so obviously that additional volume there fluctuates with the marketplace. Alumina for Mt. Holly and Ravenswood, again we have contracts there that are percentage LME, and lastly we paid for our electricity, as I said before, at Nordural on a percentage of LME basis. With that I'll turn it over back to Logan.

L. Kruger Thank you, Mike. To summarize, 2006 is a transformational year for Century, and we were pleased with our progress in the first quarter. As I mentioned earlier, strong execution and robust market conditions yielded record financial results. We were able to proactively address some critical issues in the United States, including our power at Hawesville and our alumina needs for both Ravenswood and Mt. Holly. We are continuing to work with the Steelworkers on a labor agreement for Hawesville. Finally and perhaps most importantly, we have made meaningful progress on our growth objectives in Iceland. Our expansion to 220,000 metric tons per year is ahead of schedule and on budget for the fourth quarter of 2006. We were able to accelerate our further expansion to 260,000 metric tons per year into 2007. We have made encouraging progress on the proposed Helguvik Greenfield project. The first quarter has positioned Century well for the balance of 2006. I'd now like to open the discussion for your questions.

Moderator Thank you, sir. Ladies and gentlemen, one moment please for the first question. And our first question comes from the line of Ms. Hongu Kai, Goldman Sachs; please go ahead.

H. Kai Oh hello, good afternoon, congratulations on the results. My question is about the Hawesville power contract. I noticed that it expires on 2010, but you only negotiated, as far as I remember, you only re-negotiated at 27% end-priced for 2006. I wonder if I remember it correctly, and if that's the case, are you still in negotiations for the contract beyond 2006, and do you have an update on that front?

L. Kruger Yes, thank you for the question. We have a contract up to 2010, but you're correct, there is an un-priced portion which we are busy negotiating. In addition we have a long-term proposed arrangement with Big River Energy Company so that we can get up to 2023. As I've explained previously, this will probably take sometime to resolve and we probably won't be able to report much progress before the first quarter of next year. I don't know if Jack would like to comment in addition?

J. Gates No, that covers it.

L. Kruger Thank you.

H. Kai Can I follow-up on that?

L. Kruger Sure.

H. Kai For 2007, have you already settled yet for that...?

(Overlapping voices)

L. Kruger No, we are busy in negotiating it, and we'll let you know as soon as we've concluded.

H. Kai — Okay and for 2006, you said is higher than the long-term contract price, but compared to the spot price, is it lower or higher?

L. Kruger — If you take 2006, we had an un-priced portion of about 27%. If you look at the prevailing spot price of power in that area, it's approximately in that number.

H. Kai — Okay, thank you very much.

Moderator — Thank you, and our next question comes from the line of Mr. Amir Arif, Friedman Billings; please go ahead, sir.

S. Arnold — Hello, good afternoon, guys, this is actually Sam Arnold, just a couple of questions for you. What is the cap ex outlook currently for 2006 at Nordural? It looks like you guys spent a little bit more than I would have thought maybe in the first quarter. Secondly, there are a couple of housekeeping items. It looks like on your balance sheet, other assets, that category increased quite a bit, and then also your due to affiliates. If you could just make some comments regarding those items I'd appreciate it.

L. Kruger Yes, Sam, thanks for the questions. Let me go along and I'll take the first piece. Nordural up to date, spent around about $409 million, and we plan to spend about an additional sum around $65 to $70 million for the balance of this year, that's for phase four. As you're aware, we've already initiated the phase five further expansion of 40,000 tons and we expect that to progress right through to the last quarter of next year, and you can probably estimate somewhere between $30 million and $40 million of that in this year, and the work has already commenced on that. On the housekeeping items, I'll ask Mike to answer them.

M. Bless Yes, the other assets, the principal growth there is the growth in the deferred tax asset that obviously has to do with the tax accounting for the mark-to-market laws, and the same route issue on your question on the due to. That is simply, given that the counter party is an affiliate here, and in this case Glencore obviously, the liability gets accounted for under that caption due to affiliates, both short and long-term.

S. Arnold Okay that makes sense.

M. Bless Yes.

S. Arnold Thank you.

Moderator Thank you.... Our next question comes from the line of Mr. David Gagliano, Credit Suisse; please go ahead.

D. Gagliano Hello, thanks very much. I just have a quick question, Mike, I believe you alluded to this in the presentation, but I didn't quite catch it. On the alumina contract, the three-year alumina contract that you concluded at the end of the quarter, can you give us some metrics in terms of how that was priced in terms of a percentage of LME price I'm assuming, and what that percentage was relative to your previous contract?

L. Kruger David, we've fully formed a chart, alumina needs for Ravenswood and our portion of Mt. Holly through to 2009, and if you looked at alumina pricing in LME percentage terms traditionally, you may have looked at somewhere around 12% and often 13%. Going forward, these prices have obviously increased and I would use somewhere around about 2% on average going forward, but obviously over a three-year contract, David, as I think we've spoken before, it's front-end price. So year one, which is 2007 will be higher than 2008 and it will be higher than 2009. I don't know if Jack would like to make any other comments on it?

J. Gates No, that covers it.

L. Kruger Hopefully that answered it, Dave.

D. Gagliano That does, that does answer it, thank you very much, and just a quick question. I believe you were referring to a presentation, is that up on the Web site or is that somewhere available, has that been sent out?

M. Dildine Dave, it should be on our Web site, centuryaluminum.com, www – did you check and it's not there...?

(Overlapping voices)

D. Gagliano Right, yes I've been looking for it, I can't find it, but we'll track it down ... thanks.

L. Kruger Thank you.

Moderator Thank you. Our next question comes from the line of Mr. Carlos De Alba, Morgan Stanley; please go ahead.

C. De Alba — Yes, good afternoon. I have a question regarding the Ravenswood power rate potential increase or the situation that you have there, where they want to increase the rate starting July 1st. Is there any update on that?

L. Kruger — There has been a rate or tariff adjustment applied for. It's in discussion with ourselves and the interested parties; we haven't any updates on that. We hope to hear soon, and then we'll let you know, Carlos.

C. De Alba — Okay, thank you, and then the other question is, regarding the power surcharges in Mt. Holly, last year for a year, '05 versus '04, they accounted to around, if I remember correctly, to around $12 million. So what is the expectation in 2006 to be around $10 million – would that be a good estimate?

L. Kruger — Carlos, very sorry, it's Logan, and Mike can comment as well, and it's very difficult for us to estimate. You have to tell me what units are used and where they priced their gas market or their coal market at that point in time, so it would not be appropriate for us to give you an estimate. Mike, can you comment?

M. Bless — No, I wouldn't give any more than Logan did. As I've told you before in other context, we plan on it continuing just for our business planning purposes, but it's a real time thing and every month we get a charge or we don't get a charge, and it's really that simple. The data that I just gave obviously simply compares Q1 to Q4 that we just finished.

C. De Alba — Okay, thank you very much....

(Overlapping voices)

M. Bless — Sure, Carlos, thank you.

L. Kruger — Thank you, Carlos.

Moderator — Thank you, and we have a question from the line of Mr. Brett Lieby, Jefferies & Company; please go ahead.

B. Lieby — Hey, guys. Clearly aluminum has been a windfall for most of the people in the industry, and you guys have in the long run, probably smartly hedged, and yet at this point it's probably hurting you. Can you guys talk about when the hedges start to roll-off here, and if we're looking at a dollar plus aluminum for a long time, when you start to feel the benefit on various parts of your business?

L. Kruger — Yes, we're not going to really, I think, take a view on where the pricing will go on the forward. If you look in our 10-K, I think it has some very good information on the volumes going forward, so you have to make your own assumption on pricing going forward and what the impacts are. But I'd like to just reflect if I may for one second, and say that these were put in place in November '04 and July '05 as a means of under-pinning our cash flow requirements while we were doing the Nordural expansion. It's very much as a defensive position in times or cyclical markets and when you have high capital requirements. Obviously we are very happy now to be exposed to the market for the balance of our tonnage. Mike, can you comment?

M. Bless — No, not at all. As Logan said, both the slide that we took you through just a little while ago, on slide 11, with more detail in the K, gives you both of the major contracts, as Logan said, when we executed them and when the volumes pushed through. We're happy to take you through it in more detail off-line.

B. Lieby — Alright, and then more specifically, as you guys look forward, are you looking to reverse any of these position or, now that the real risk is out of the Nordural project, are you looking to more significantly be free floating with respect to aluminum prices?

L. Kruger — I think there's two parts to what I would say, is one we're in a cyclical business, so these are spread out over a long period of time, right through to 2015. Our exposure directly is fairly small in years six and seven. I think Mike indicated something like about 11% of our volume. So I think the balance is there, and we have no intentions to change it at this point in time.

B. Lieby — Alright thanks very much, guys.

M. Dildine — Sure.

L. Kruger — Thank you.

Moderator — We have a follow-up question from the line of Mr. Amir Arif, - or from the line of Amir Arif, please go ahead.

S. Arnold — Hello, guys, Sam again, just a couple more quick questions. Could you comment on what the sticking point is with the ratification of the contract, and just kind of your overall thoughts on how easily you're going to be able to get over whatever concerns the Steelworkers had whenever they voted on Monday? Then the second, if you could talk a little bit more about your new Greenfield smelter in Iceland, just kind of the major milestones you see going forward.

L. Kruger I'll start off with the second one first – the Greenfield site, and then I'll ask Jack to comment on the Hawesville contract. On the Greenfield site we signed a memorandum of understanding last year in May with the local community and the Development Bank of Iceland, and we've been progressively working on the site agreement. The next hurdle is really to secure the path, and we're in intensive discussions with both HS and OR, which are power companies in Iceland. The thing that we have an advantage about is we are adopting a phased approach to our development of our Icelandic smelters, and so we would take pieces of power as they develop and then bring them forward. We'll update you as we go forward, the plan at this point in time is summer around 2011/2012.

S. Arnold Okay and do you have any potential like first-phase size, or have you discussed that at all?

L. Kruger Yes, we've been quite public about that. Somewhere between about 150,000 and 180,000 tons per year, and Jack can comment on the negotiations.

J. Gates Sam, the vote was held on Monday, and we actually only got the notice about two hours ago, so it's a little early. We're trying to set up a meeting right now with the International Union and the Bargaining Committee. As I mentioned earlier, we had an agreement with the Bargaining Committee and International on the contract, so the first thing we have to do is have a meeting with them, sit down, try to understand in their mind, what half of why was not ratified. I would say this, there's a genuine effort on both party's side to get this done. I feel good that we will get it done, but to sit down right now and tell you why, I can't tell you. We just have to wait until we sit down with the Union and talk to them and find out what they're thinking is.

S. Arnold Okay and how many employees does that cover again?

J. Gates A little over 600 bargaining union employees.

S. Arnold Okay, great.

L. Kruger Thanks for the question.

S. Arnold Thank you.

Moderator Our next question comes from the line of Mr. David Gagliano, Credit Suisse, please go ahead.

D. Gagliano I've got a quick follow-up; you mentioned your thoughts on the primary aluminum global supply and demand outlook. I'm wondering if you could share your thoughts with regards to the alumina global supply and demand outlook. Are you expecting a surplus deficits, and how much in '06 and '07?

L. Kruger David, thanks for the question. We don't really comment on surplus and deficits, but our views are that the market on alumina will remain ... for 2006, and probably through potentially through the end of 2007. There seems to be, as has been reported by a number of commentators, a large amount of potential capacity coming on in China, and we have commented that the numbers seem to be between 10 million and 12 million tons of alumina production in China this year for 2006, up from the 8.5 million.

So still a tight market for ’06, probably easing towards the end of 2007, that’s the way we see it, but I do want to caution that, at the same time, the demand for primary metal is going by somewhere between 4% and 6%, and if that’s at 1.5 million tons per year, you need another 3 million tons of alumina, David, so the numbers are quite challenging.

D. Gagliano — Okay, that’s fair enough, I appreciate that. I know in the past you’ve alluded to the alumina – the interest in moving more into the upstream alumina business, I’m wondering if you could just remind me again what your preference is there? Is it greenfield, is it buying – what’s the preference there in terms of expanding upstream?

L. Kruger — David, we have no particular preference. We’re looking at both existing businesses and new Greenfield projects. Obviously we were looking for an attractive risk adjusted return, it must make business logic, we like the business on its own basis. It’s not a process to make us a so-called integrated producer; the business itself must produce good return. We’d also like to see if we can do something about the – if it’s an existing business, can we leverage to do better. So we’re looking at both the greenfield and existing brownfield’s, or existing businesses.

D. Gagliano — Okay, thanks very much.

L. Kruger — Thanks, David.

Moderator — Our next question comes from the line of Timothy Hayes, Davenport & Company, please go ahead.

T. Hayes — Thank you. I just have two questions. The first is what was your effective natural gas price that you paid for in Q1 at Gramercy – that's your spot purchases combined with your hedge price?

L. Kruger — Okay, Timothy, as you well know, we had a hedge position from 2005 for a portion of our gas requirement in 2006. November/December, we saw prices over $10/$12, a million BTU. When those prices started coming off, we looked to put in layers of hedges to protect us, particularly on the near buy, because the last part of the year as you still see, as Jack I think has mentioned in his notes, there's been so called hurricane affect, so you're still seeing $9 or $10. So for the end of March through to the end of December this year, we're about 44% covered, and if you look at the strip on those months as we've gone forward, you'll see – get a good idea of what we hedged that summary in between the ranges of the ... so it's a good number for you to look at.

T. Hayes So would it be fair to say that the unit cost at Gramercy in Q1 were below that of Q3 of last year?

L. Kruger We don't comment on unit costs, but – so I really, and I don't know, Timothy, and we don't really comment on it.

T. Hayes Okay, and then my second question was, of your total gross profit for the company, about how much came from Nordural?

M. Bless Tim, it's Mike, we don't break out Nordural versus the U.S. operations, and we can talk about this again off-line, a lot of facts about how the Nordural business model works, but we don't break it out.

T. Hayes Okay, thanks.

M. Bless Sure.

L. Kruger Thanks, Tim.

Moderator Our next question comes from the line of Marty Pollack, NWQ Investment Management, please go ahead.

M. Pollack Yes, just a quick one, I'm sorry I was not tuning in to the entire call, but I'm looking at that chart which should suggest what the forward sales has been, and again I do not see the charts on the Web site. What is the un-hedged position that you currently have, and the way you've broken in the past, the hedging by way of forward sales as well as costs, can you just describe that total position?

M. Bless Sure, the easiest way to look at that, whether you want to look at it including the so called hedge cost or just including the forward sales, is to take our capacity in each of those years, and just multiply by the percentages in that chart there, the same percentages in the 10-K. The chart is obviously more current, because we brought it current to March 31st, and so we've laid out what our expected capacity is going to be in each of those years, and it's just simple math in terms of what the open position is if you want it in volume or in percentages, it's obviously just the reciprocal of those percentages. Is that responsive to your question?

M. Pollack That's on the forward sales side?

M. Bless Correct, you got it.

M. Pollack Okay, and what about on the cost side?

M. Bless Same thing – I mean, the costs obviously make a bunch of assumptions about contract terms going forward, alumina contracts and things like that, but it's really the same, it's really the same reciprocal, if I'm understanding your question correctly, maybe I'm not.

M. Pollack Yes okay, I take – that's the question, yes.

M. Bless Okay.

L. Kruger Marty, it's Logan, just a bit more to add: when you're looking at the tonnages for 2006, you have to take into account we expect half of the new tonnage from Nordural to come in for the whole year. So the additional 130,000 tons of capacity at Nordural, we expect to see metal of about 50% of that this year.

M. Pollack — Okay, thank you.

L. Kruger — Thank you.

Moderator — Mr. Dildine, there are no further questions at this time, please continue.

M. Bless — Okay, if there's no further questions, Logan would—

L. Kruger — Thank you very much, everyone for joining us today. We look forward to talking to you again soon. Thanks, Mike.

M. Dildine — Thanks very much.

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