CENTURY ALUMINUM COMPANY

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2:30 p.m. PDT

Moderator: Ladies and gentlemen, thank you for standing by. Welcome to the Century Aluminum Second 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 Mike Dildine. Please go ahead.

M. Dildine: Thank you, Linda. 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 slide presentation is also available in PDF form on the Web site.

The following presentation, accompanying press release, and comments include forward-looking statements within the meaning of the Private

Securities Litigation Reform Act of 1995. Such statements relate to future events and expectations 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 risks related to these forward-looking statements, please review Annex A and our period 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's to the most directly comparable GAAP measures.

I'd now like to introduce Logan Kruger, Century's president and chief executive officer.

L. Kruger Thank you, Mike. Hello, everyone. Welcome to Century Aluminum's conference call covering the second quarter of 2006. The second quarter was very positive for Century. We were very pleased with our operating performance, our financial performance, and our progress towards our growth objectives.

Joining me today are Jack Gates, who will discuss the operating results; and Mike Bless, who will provide comments on our financial performance. Also with us in Monterey this afternoon areBob Nielsen, our general counsel; Steve Schneider, our chief accounting officer; and Shelly Lair, our treasurer.

Let's get started. We are pleased with Century's second quarter. Our operations performed well and we obviously benefit from the continued strong markets. Importantly, we made meaningful progress on our growth strategy. Aluminum prices traded in the $2,500 per ton range during the quarter, well above long-term averages. Market fundamentals remained positive. I'll have further comments on the market in a moment.

I'm very pleased with our operations across the board during the quarter and would like to recognize the excellent performance of all the people in our operating facilities. Jack will discuss this in a few moments.

Our financial performance during the quarter was strong. Revenues of $406 million and the operating income of $100 million were at all time high levels. We drove meaningful leverage to the bottom line by focusing on all aspects of our business, particularly productivity and cost control. Mike Bless will have additional comments on this.

Turning to labor, the steelworkers ratified a four-year agreement covering 600 hourly workers at the Hawesville, Kentucky plant in May. A 3.5-year proposal covering the 580 hourly workers at the Ravenswood, West Virginia plant is being voted on in this week.

We continue to progress our growth objectives. In Iceland, our current capacity expansion from 90,000 to 220,000 tons remained on schedule and on budget. As you know, in this business, that's an unusual event. In addition, we accelerated our capacity expansion to 260,000 tons per year at Nordural to the fourth quarter of 2007. As we have mentioned, we are now finalizing the capital budget for this 40,000-ton expansion.

In June, we announced the signing of a memorandum of understanding with the two Icelandic geothermal power producers for our greenfield project sites at Helguvik. I've commented before, this is a great site and exactly where we could like to place a smelter. With this important milestone accomplished, we are moving forward expeditiously on this attractive investment.

We remain committed to growing our bauxite and alumina business. The change in nature of this market requires an opportunistic and thoughtful approach to the growth. To this end, in May, we entered into a joint venture agreement with Minmetals Aluminum Company of China to explore the potential of developing a bauxite mine and associated 1.5 million ton per year alumina refining facility in Jamaica.

My comments on the market reflect the views of key commentators, as well as our own insights and observations. As we have moved through 2006, all regional economies continued to perform well, an unusual event. In North America, Western Europe, and Japan, first half industrial production grew by about 3% in the aggregate. China continues to perform to the upside of all expectations turning in GDP growth of over 11% for the first half with inflation still under control. Expectations are for this rate to continue for the balance of the year. More importantly, industrial production growth in China was nearly 20% last month and is forecasted to be at least 16% for the year. The developed Asian economies – principally Singapore, Taiwan, and South Korea – are performing well and India's results have been outstanding with 9% GDP growth in quarter one. These forecasts do not contemplate any type of serious impact from the current geopolitical disruptions, and obviously it is unclear what the effect will be on the various regional economies if the oil price and all of its derivatives were to remain at or near current levels for any meaningful amount of time.

Against this backdrop, worldwide aluminum demand remains strong with the consumption of up to 6.1% during the first half of this year. Demand appears to be strong across all regions and markets. China, where consumption grew over 20%, was a major contributor. It is interesting to note that this increase in demand is higher than the well-publicized year-to-date production growth in China of around 18%. The 6.1% growth in global consumption is at the high end of the long-term forecast, which continues to be in the 4% to 6% range. I must note, quite interestingly, that 6% consumption growth implies new metal primary requirements of two million tons per year or, another way of saying it, seven new 300,000-ton smelters each and every year.

On the supply side, industry forecasters see upwards of five million tons of production coming on stream during the three-year period 2006 to 2008. This figure includes greenfield and brownfield projects, as well as the restart of a portion of the previously idled capacity in China. Against this, of course, about 700,000 tons of closures have been announced and with more potentially coming. The bottom line these factors indicate an approximate 4% average of annual growth in global production through 2008. For 2006, markets are forecasted continue to remain in deficit.

The most significant change in the last several months has been the market conditions for alumina. The spot price in the Far East has declined from over $600 per ton to less than $400. China's production is up significantly. Some reports estimate more than 50% year-to-date. And we have previously commented that a production number of 30 million tons for alumina this year is possible in China. This trend is requiring a significant increase in important bauxite into China, which has interesting implications for that market going forward. The world market for alumina appears to be pretty much in balance for the second half of 2006 and may move to surplus during the next three years.

Obviously we saw a lot of movement in the commodity price during the quarter. It goes without saying that the price is subject to unusual swings with over $780 separating the high and low closing prices during the quarter. But there is not much change in the fundamentals when all is said and done. In fact, the LME cash price actually increased by $100 over the quarter to $2,591 per ton at the finish. The underlying strength in the market is confirmed by the physical premiums, which strengthened in all major regions in quarter two versus quarter one. The Midwest premium at about $0.06 per pound and the European duty paid premium at $113 per ton are reflective of robust market conditions.

At less than 40 days supply, inventories continued to be reasonably tight in all regions, again reflecting the fundamental strength of those markets. IAI inventories have decreased by over 250,000 tons since January 2006 and LME inventories have gone down 75,000 tons since their high in March 2006. Japanese stocks are also down 100,000 tons since the beginning of the year. The recent inventory draw down are especially significant given that summer is generally a period of weaker demand for the alumina industry. As a producer, we are not seeing any evidence of a typical summer slowdown.

I now will turn this over to Jack Gates, who will discuss our operating performance.

J. Gates Thank you, Logan. The second quarter operations continued the solid performance of the first quarter. Our three U.S. smelters produced 2.7 million pounds more than was forecast in our second quarter business plan. The Hawesville smelter performance remains very good in all areas, even while the labor contract negotiations were ongoing. As Logan mentioned earlier, a new four-year labor contract was negotiated and ratified by the Hawesville steelworkers during the quarter. Our Ravenswood smelter had an excellent quarter, achieving most of its performance goals. A new 3.5-year labor contract is currently being voted on this week by the Ravenswood steelworkers. The Mt. Holly's second quarter safety performance continues the excellent first quarter trend and Mt. Holly's popular metal production set a new six-month record in the first half of the year, producing two million pounds more than the same period last year.

Our Nordural expansion, which takes our smelter from 90,000 tons to 220,000 tons, continues on schedule and on budget, even with the unfavorable impact of currency exchange. The startup of a last group of pots began on July 17th and should be completed in the fourth quarter. While we have had some of the normal startup issues with new equipment, inexperienced personnel, overall the startup has been very successful. The budget for the Phase V project, which will increase Nordural's annual production to 260,000 tons a year, is being finalized and will be in the $125 million to $130 million range. The earthwork has begun and orders for most of the long-term delivery items have been placed. Completion of this project and the startup of the first pots is projected in late 2007.

The St. Ann bauxite second quarter performance continues to improve over the same period in 2005. Safety performance improved by 30% over the same period last year. The capital being spent to upgrade the mobile equipment fleet is progressing well with approximately 50% of our new equipment now on site. This equipment will have a favorable impact on our long-term production capacity and mining cost. Mining and shipping performance continues at the record first quarter pace with an improvement in costs. We are increasing our onsite inventory back to a more normal operating level, recovering the loss caused last year by the unusual hurricane pattern in Jamaica. This additional inventory will also be used to support higher sales as we go forward.

Safety performance at the Gramercy alumina refinery is showing significant improvements in 2006 over the same period of last year. The refinery reached one million man-hours without a lost time injury. Total alumina production in the second quarter improved 4% over the first quarter of 2006 with a 7% improvement in production costs, driven primarily by lower energy costs.

A couple of comments about the marketplace: The second quarter was robust in demand for premium products. The billet market is extremely tight on supply with two of our larger customers ordering on the high side of their tolerance. All of our 2006 billet capacity is committed.

Demand for high purity aluminum to support the aerospace and the cosmetic markets remain strong. Demand for physical metal and the higher cost of transportation is supporting the Midwest premium in the $0.06 per pound range that began in 2005 as opposed to the historical $0.04 to $0.05 per pound. The LME hit a record high on May 11th with a cash settlement price of $3,275 per ton. Since that time, the market has receded, but remains steady and well supported in the $2,400 to $2,700 per ton range.

Mike Bless will now review our financial performance.

M. Bless

Thanks very much, Jack. Thanks, everybody, for joining us this afternoon. As Logan mentioned, we're really pleased with the company's performance across the board. Excluding the mark-to-market adjustments, basic EPS came in at $2.01 and diluted EPS at $1.92. Obviously the major difference between basic and diluted this quarter is the impact of the convertible notes.

Just to take a step back, since we haven't had to talk about this in the last couple quarters, to remind you, the accounting for the notes is pretty straightforward. Only the premium above the principal amount of the conversion price is included in the diluted share calculation. When you get to settlement of the notes themselves, this note settles in cash up to the principal amount, or again the conversion price. Then the premium over the principal amount is settled at the company's option in any combination of cash or common shares.

The results we just talked about compared to $1.30 in the first quarter this year and $0.78 in the comparable period of last year, second quarter obviously, both excluding the mark-to-market adjustments in those periods. The results in those periods were the same, both basic and diluted.

Net sales grew about 17% sequentially, Q1 to Q2, this year obviously. That was a product of about 9% volume growth and a little over 8% principally due to price increases. On the volume side, direct shipments were up slightly sequentially Q2 over Q1 and up a little more than one percent versus the second quarter of last year. On the tolling side, our business in Iceland, our volume in Iceland was up almost 60%. As Logan mentioned, the new production has come on, on schedule and on time.

The 8% approximate price increase compares to about an 11% change in the one-month lag Midwest price over the period. Just to remind you, obviously that impact that you're seeing is the impact of our forward fixed priced contracts. To remind you one more time, we talked about this before, but most of our volume, our business in the U.S., is priced up a one-month lag of the Midwest price. So the prices that you're seeing this quarter that just ended obviously are March, April, and May. Prices we'll see in Q3, obviously June through August.

Gross profit up $32 million on the $59 million sales increase, driving a conversion margin sales to gross profit of about 53%. As Logan said, we're very pleased with the operating leverage we've been driving. Gross margin is up from 22% last quarter to almost 27% in the second quarter.

As we told you on the call last quarter, we needed to purchase some alumina on the spot market for the second quarter given that our production in our U.S. plants remains above our plan. We did that, and that cost us about $3 million in the second quarter above what would have been our normal alumina contract price for that volume.

SG&A in the quarter of a little over $8 million was in line with expectations and below Q1, therefore driving about a 60% conversion of sales down to the operating income line. As you've seen, we recorded another mark-to-market loss this quarter, though obviously much smaller than in the first quarter of this year.

Just finishing off on the income statement, the effective tax rate, 31.6%, as reported, right in line with what we've been expecting. And backing out the mark-to-market charge, the effective tax rate was 33.0%.

Just turning quickly to cash flow, free cash flow for the quarter of $46 million was up nicely from Q1. Just a couple of the items that impacted it: accounts receivable, as you've seen, as you've had a chance to look through the cash flow statements. We used about another $20 million of cash for the quarter. That was all the impact of the market. Our days sales outstanding and receivables were actually flat quarter-to-quarter. Our plants did a great job on inventory management, turns actually up slightly quarter-to-quarter. Other uses of cash during the quarter: cash tax payments obviously and the settlement of maturing derivative contracts.

Turning to the next page, we've shown you this chart before and we've now updated it to forward price sales for the balance of this year, obviously starting at July 1st, going forward, and for the next couple of years in the aggregate period 2011 to 2015. To remind you, the additional line here is produced from our two large financial forward contracts, which have provisions in them that call for doubling of the volume in each monthly period in which the market price is in excess of the contract price. For purposes of this chart, we've continued to show those volumes doubling each period, obviously, as the forward prices in each of these periods are above the contract price.

Turning to page 11, we've showed you this chart. Again, I think it's helpful just to remind ourselves about the company's total hedge position. Taking the volumes that we talked about on the prior page, the forward price sales, and adding to them those other amounts that in effect provide a natural hedge for the company. Just detailing those quickly, obviously our alumina for our portion of Mt. Holly and for our smelter at Ravenswood is purchased as a percentage of the LME. Our electricity, our power contract in Nordural is purchased as a percentage of the LME. And our business in Nordural, our towing contract is priced as a percentage of the LME. When you add all those up, as you see here, about half of our volume over the next couple years is, in one way or another, hedged to the market.

Now Logan has a couple concluding comments.

L. Kruger Thank you, Mike. In summary, Century continued to perform very well during the second quarter. Strong operations and robust market conditions yielded the encouraging financial results. We secured a new, four-year labor agreement at Hawesville and we'll hear soon from the union concerning our proposed labor agreement at Ravenswood.

Finally, we are continuing to make very good progress on our growth objectives. At Nordural, our expansion to 220,000 tons remains on schedule and budget for the fourth quarter of 2006. We accelerated our further expansion to 260,000 tons into 2007, and have already commenced earth moving for this project. We entered into a memorandum of understanding to secure energy for our greenfield project at the favorable Helguvik site. We entered into a joint venture agreement as well with Minmetals of China to explore the potential for developing bauxite and alumina resources in Jamaica. Lastly, we continue to look at other growth opportunities. We believe that we are well positioned for the second half of this year and beyond.

I'd now like to open up the discussion for your questions.

Moderator — Our first question comes from the line of Carlos DeAlba from Morgan Stanley.

C. DeAlba — I have three questions. The first one is, how does the new forecast of the alumina pricing coming down because the ramp up in capacity out of China changes your plans in terms of expanding into the refining area?

L. Kruger Do you want to take them one at a time then, Carlos?

C. DeAlba Yes. That would be great.

L. Kruger Carlos, thank you for your question. I think clearly, as we've said before, we would look at each potential opportunity or project on the basis, does it meet our industrial logic? Does it give us favorable returns on a cash risk adjusted basis? And can we actually leverage our expertise to generate more value? Obviously with that, we'll also look at the financing, so we don't look at what the spot prices are in China and how they are going down. We look at what we think the long-term prices are and how we can position ourselves to make a good margin in that business.

C. DeAlba Just hypothetically, in the case that the spot price does come down to a range of, just speculating, 200 to 250, how does that change your strategy with Gramercy and internally supply alumina?

L. Kruger I think Gramercy has performed very well and it meets the needs in the range that you're talking on, so I don't see any change in our strategy. I think Jack has reported that Gramercy has continued to grow in its performance.

C. DeAlba — Good. My final question would be, do you have any update on where the power negotiations at the Hawesville smelters are, as well as any update on the rate increase case at Ravenswood?

L. Kruger — Yes. We can deal with both. On the Hawesville site, we're really covered for the whole of 2006, Carlos, as we've spoken about before. Going for 2007, we're at 27% unpriced, but we believe we will settle that in the next couple of months, probably into the fourth quarter.

On the longer-term for Hawesville, we're making some progress, but it's a large number of parties involved and we will report probably early next year how the progress has been made with the Big River Power Incorporated. That discussion will continue. That's really a longer-term plan. We feel very positive about it, but it's going to take a bit more time to produce the results that we can report on.

At Ravenswood, we just recently had the rate adjustment approved, and it is a minor impact to our total cost. We're very pleased about that and, as you well know, the Ravenswood power prices are amongst the most favorable in the USA.

C. DeAlba: Thank you very much.

L. Kruger: Thanks for the questions, Carlos.

Moderator: Our next question comes from the line of Terrance Marsland from TSO & Associates.

T. Marsland: The JV with the China metals corporation, in ideal circumstances, will that be in phases that you will develop this thing and what do you see the potential of the joint venture in terms of possible volumes and the time periods that you see Jamaica realizing for you?

L. Kruger: Thanks, Terry, for the question. I'll ask Mike or Jack to comment as well. We're at the pre-feasibility conceptual engineering level, so we're doing complementary drilling and testing for the bauxite reserves. We've got a large area, which some work has been done on. And after we've done that preliminary work over the next 18 months, I would say up to 18 months, we then can evaluate what size of project we would have. Normally we're targeting somewhere between a one million and 1.5 million ton per annum alumina producer, so it's early days and we will take it in stages and probably then plan on phases as we get more knowledge of it.

T. Marsland: Does the infrastructure support that, Logan, or is it something that already has a scale whereby you're not going to worry about it in terms of ports…?

L. Kruger: I think that's a good question, Terry. We have to look at the infrastructure as well. I think that's part of the equation and the pre-work. Can the infrastructure support that? And port loading amongst other things, as you quite rightly understand. It's early days. We're very happy to be in Jamaica. We're happy with the support of the Jamaican government, as well as our partnership with China Minmetals. We think it's a good partnership over longer-term. But it's early days in a very early project.

T. Marsland: Can I ask a question on the balance sheet, please, with respect to the convertible senior notes and the Nordural debt and revolving credit facility? Is this the way you will maintain the balance sheet or there'll be some other source of long-term money will come in and replace all this? In that context, I would like to know what the sensitivities are on the income statement on a 100 basis point change in interest rate.

M. Bless: Good question. Let me take it in pieces. Number one, as we sit here today, based on the company's operations and seeing out into the near future, obviously let's say through the 260,000 ton expansion at Nordural, which will complete next year, we think the company is capitalized adequately and correctly, so just sort of doing a status quo, you wouldn't expect to see any change.

Now obviously going out, as we look at how the greenfield site at Helguvik will be financed, depending upon market conditions there and what size facility we build in the first stage, you're likely to see a need for some kind of external financing. It's really … we're obviously looking at it at this point, but to start talking about what portion will be equity versus debt and the rest is just too early at this point in time.

From a sensitivity standpoint, to answer your question, our U.S. debt, obviously both the converts and the senior notes are fixed rate, so there's no sensitivity on interest rates there. Really the only sensitivity, major sensitivity we have, we had some IRBs that get remarketed, but the major sensitivity, as I think you're probably heading, is on the Nordural debt and there, therefore, the principal balance right now is something just under $300 million, about $280 million. Just to your question, 100 basis point change either way is about $3 million, a little less than $3 million pretax on the income statement.

T. Marsland Thank you. Thank you for your time.

Moderator Our next question comes from the line of Timothy Hayes from Davenport.

T. Hayes Just a question on the startup for Nordural. Was there any one-time/unusual costs that were incurred to get the expansion going that would be costs that would not reoccur going forward?

L. Kruger I'll let Jack answer that, but the answer in shortly is no, but Jack may want to comment.

J. Gates No, Tim. There's no extraordinary costs. With new equipment, we had some issues with new equipment, but no. The answer to your question is no.

T. Hayes I guess say for lining all the pots, you have to go in and line all the new pots during the quarter, whereas that's an expense that you would not have to do in the few quarters thereafter. Those are the kind of—

L. Kruger Tim….

T. Hayes Those are the kind of expenses that we were thinking of.

J. Gates Are you talking about for Phase V?

T. Hayes With the current expansion, right.

J. Gates The current expansion, we’re taking it to 220,000 tons. Those pots are already lined.

T. Hayes When were those lined?

J. Gates I think we probably lined the last pot in the first quarter.

T. Hayes So no other costs are in the second quarter, just to get geared up for the expansion then?

J. Gates No. It’s just a matter of starting pots, Tim.

M. Bless Tim, I think maybe some of the confusion comes – I think you’re doing apples-to-oranges here. The pot lining of the new pots here gets put in the capital base, so there's no wash through in the P&L in the current quarter, or whatever quarter you're doing that.

T. Hayes Is that a different accounting treatment than – I thought pot lining had to be expensed?

J. Gates No.

L. Kruger Not for the initial investment.

T. Hayes All right. Thanks.

L. Kruger Thanks, Tim. Thanks for the question.

Moderator Our next question comes from the line of Dan Whalen from Bear Stearns.

D. Whalen You mentioned with alumina, pricing coming down. I was wondering if you were seeing any signs of the prices for refinery assets coming down if you were to purchase assets. And if so, is there anything that would prevent you from walking away from the joint venture in terms of breakup fees or anything of that nature?

L. Kruger	The joint venture with China Minmetals in Jamaica, there's no cost there. We've started, and I really want to put it in the right context, Dan, that … feasibility, conceptual engineering, both partners are putting minimal money into this pre-work. Once we've done that work, we then can decide how you want to go to full feasibility if there's a project. So there's no breakup costs. It's really, I think, the right way to approach this.

Obviously we've seen the spot prices in the Far East market come off. But that was expected and we've commented on that some time before. But I do want to add that I think the input costs into the whole business, both metal and the refined alumina, are still higher and so that the longer-term pricing will not be as low as they were before.

D. Whalen	I'm sure you guys are presented with possibilities all the time in terms of acquiring assets. Have you seen any softening in acquisition prices on the refinery side?

L. Kruger	Dan, we really wouldn't comment on that. I think your basically value assets are on what you think is the long-term pricing for that particular commodity. And on that basis, I've seen commodity prices for metal from people that view the market somewhere between $1,600 and $1,900. But you have to make your own view. We don't make a comment on that.

D. Whalen Great. Thank you.

Moderator At this time, we have no further questions. Please continue.

L. Kruger Gentlemen, thank you very much for everyone for joining us today. We've had a very good quarter. We appreciate your time on a busy afternoon and look forward to speaking to you again soon. Thank you.

Moderator Ladies and gentlemen, that does conclude our conference for today. Thank you for your participation and for using AT&T Executive TeleConference.