

# CenturyALUMINUM

**2<sup>nd</sup> Quarter 2009  
Earnings Conference Call**

**July 23, 2009**



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# Cautionary Statement

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The following presentation and discussion may 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. For a summary of the risk factors that could cause actual results to differ from those expressed in these forward-looking statements, please review Annex A and refer to Century's Form 10-K for the year ended December 31, 2008, Form 10-Q for the quarter ended March 31, 2009, and other reports filed with the Securities and Exchange Commission.

Information provided in this presentation and discussion is based on information available as of July 23, 2009. Century undertakes no duty to update or revise any forward-looking statements, whether as a result of new information, actual events, future events or otherwise.

In addition, throughout this conference call, we will use non-GAAP financial measures. Reconciliations to the most comparable GAAP financial measures can be found in the Appendix of today's presentation and on our website at [www.centuryaluminum.com](http://www.centuryaluminum.com).

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# Participants

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- Logan Kruger, CEO
- Wayne Hale, COO
- Mike Bless, CFO

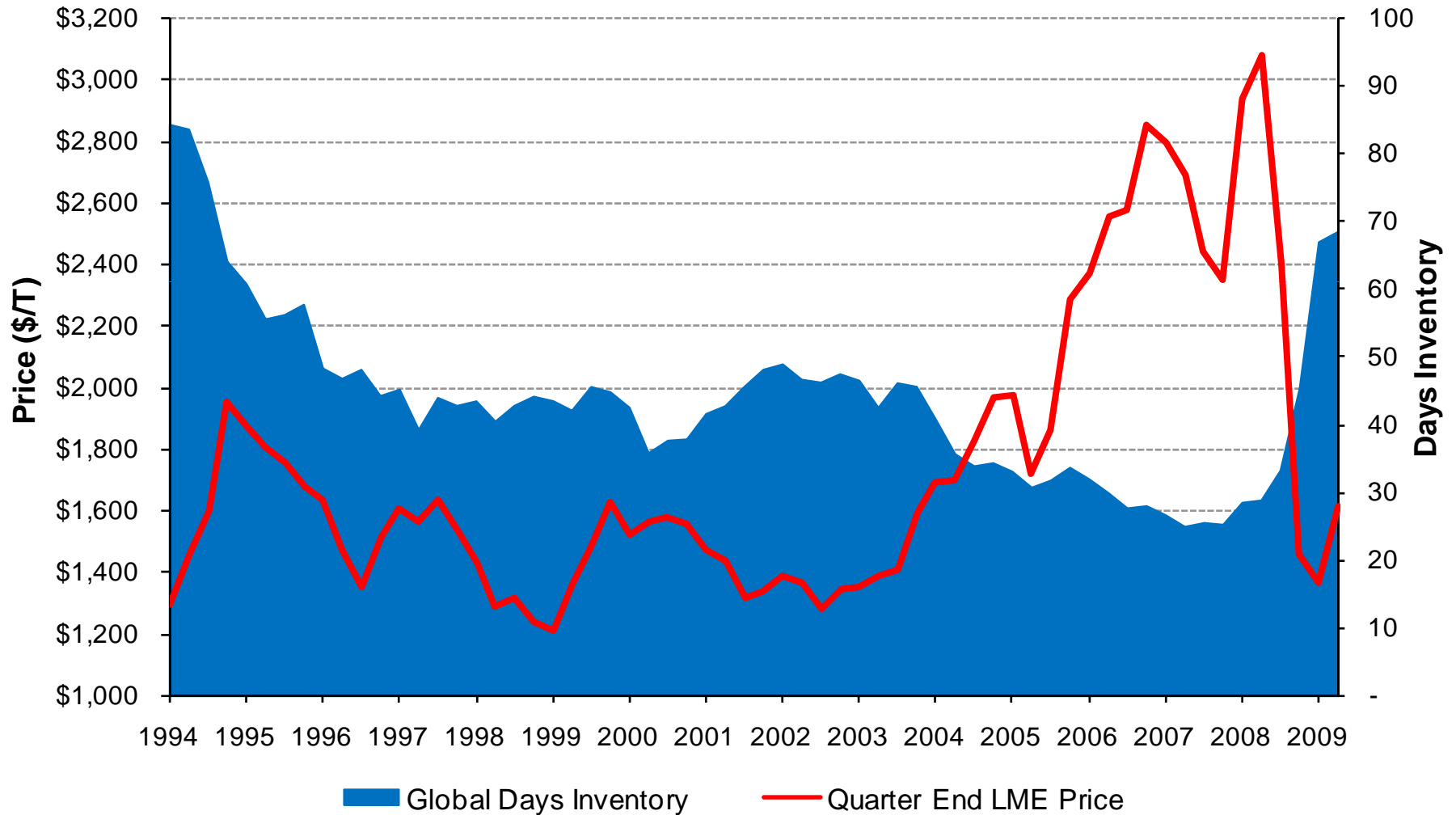
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# Q209 Overview

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- Macro environment
  - Tentative signs of stabilization – limited regions/sectors
  - Demand remains subdued
  - Market continues to be in surplus
  - Further curtailments required
- Operations
  - Plants performed safely and well
  - Successful cost reduction efforts at Hawesville, Grundartangi
  - Hawesville power contract finalized
  - Helguvik advancing at modest pace
- Liquidity/restructuring
  - \$230MM cash balance at 6/30
  - Continuing initiatives to strengthen liquidity

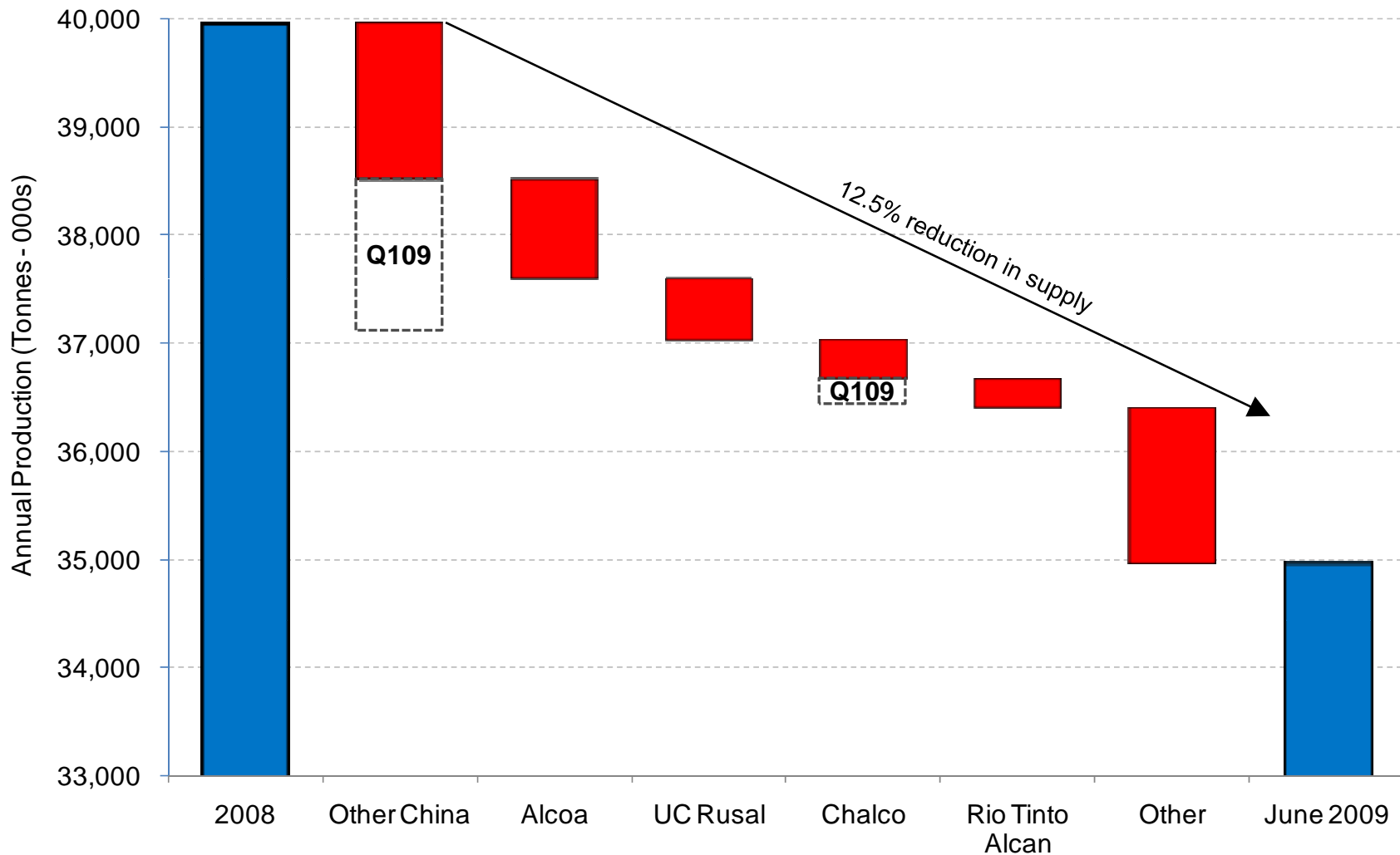
# Global Days Aluminum Inventory vs. Price



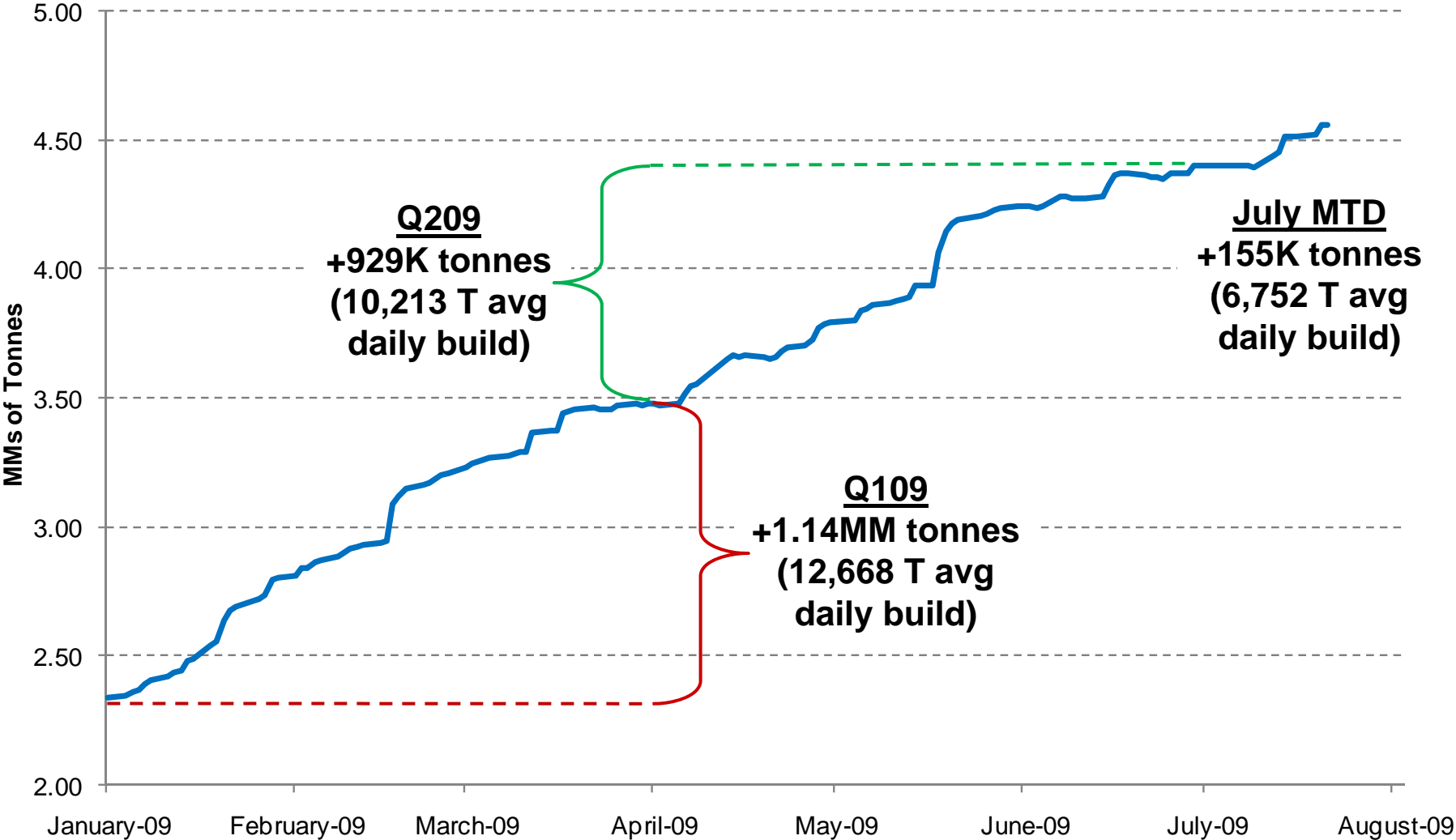
Note: Inventory includes TOCOM, Japanese port, NYMEX, Shanghai, LME & IAI unwrought stocks

Source: CRU Group - [www.crugroup.com](http://www.crugroup.com)

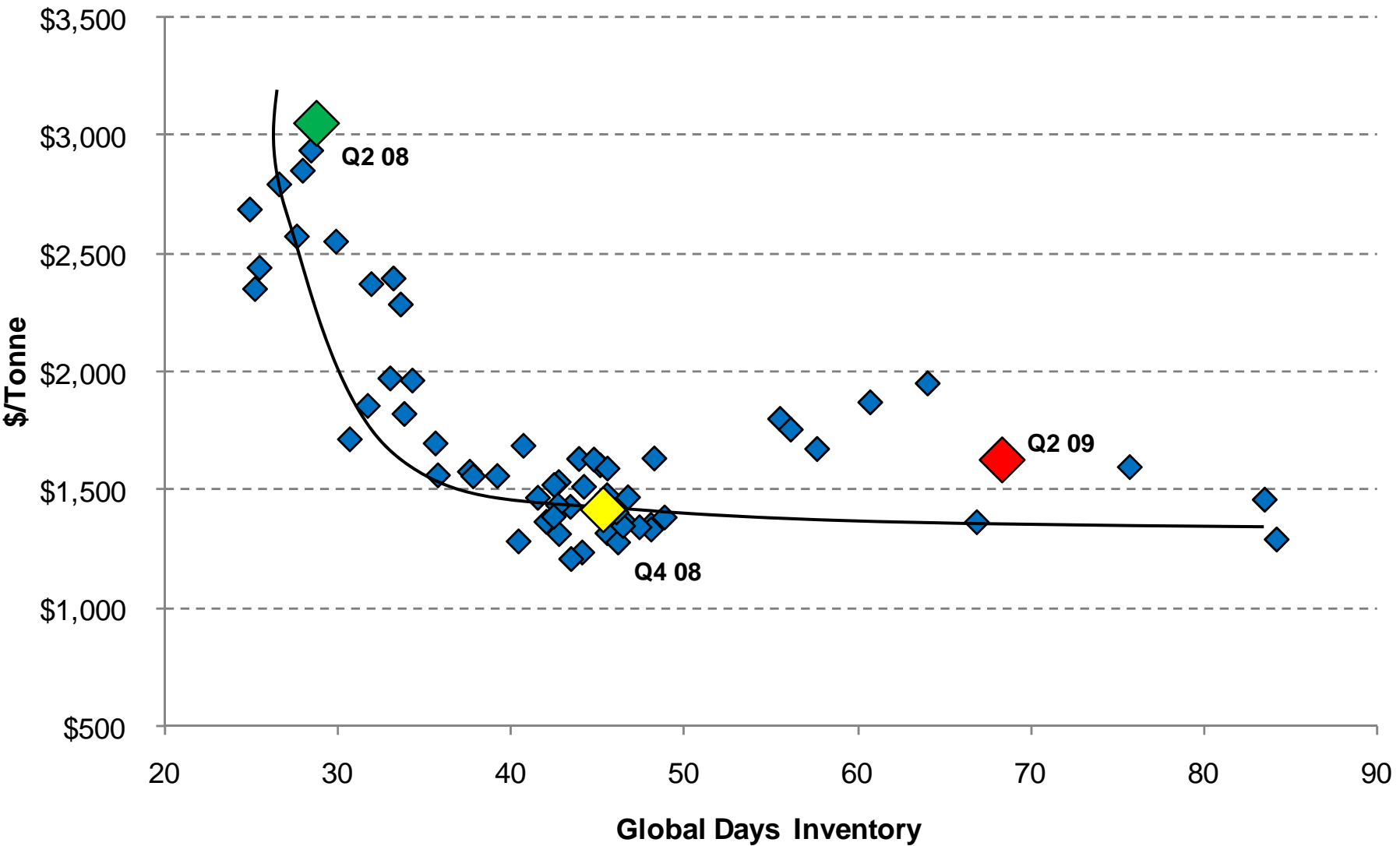
# Supply Significantly Reduced



# LME Stocks



# LME Stocks vs. Aluminum Price



Note: Inventory includes TOCOM, Japanese port, NYMEX, Shanghai, LME & IAI unwrought stocks



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# Operations

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- Ravenswood
  - Sustaining idled operations
  - Labor negotiations
  
- Hawesville
  - New power contract
  - Cost reduction actions
  - Operations stable at current production level
  - Additional actions under consideration
  
- Gramercy / St. Ann
  - Cost reduction actions
  - Discussions with partner

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# Operations (continued)

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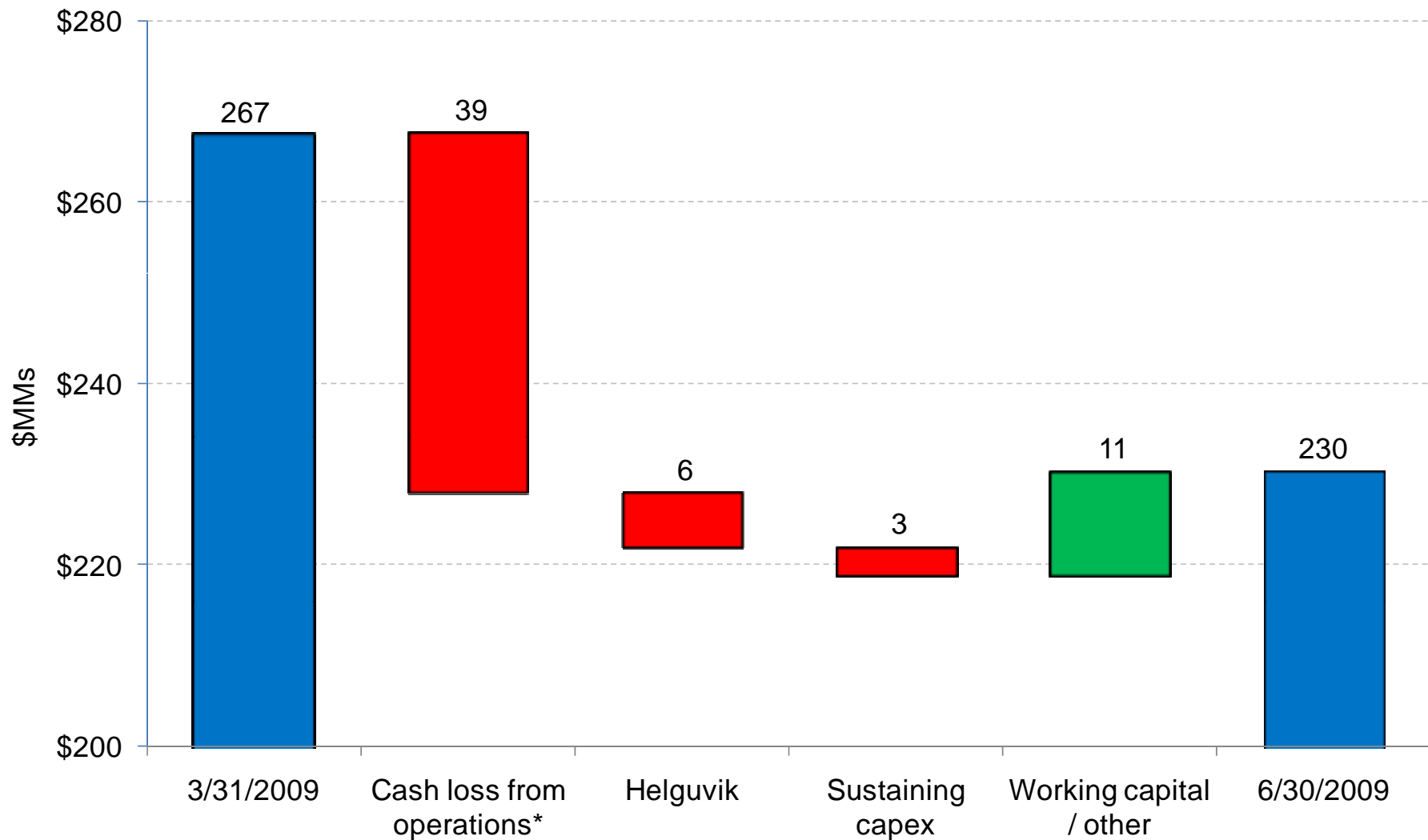
- Mt. Holly
  - Ongoing discussions with power supplier
  - Discussions with partner
- Grundartangi
  - Cost reduction actions
  - Output, efficiencies continue to improve
- Market
  - Demand generally stabilizing at historically low levels
  - No real improvement until pickup in transportation, construction, industrials and aerospace
  - Supply chain inventories tight
  - Midwest premium at \$0.05/lb

# Q209 Summary Results

(\$MM, except per share amounts)

	Q109	Q209
Net sales	\$ 225	\$ 189
Operating loss	(107)	(26)
Net loss	(115)	(34)
Basic EPS	\$(1.77)	\$(0.46)
Diluted EPS	\$(1.77)	\$(0.46)

# Liquidity



\*Includes cash curtailment costs at Ravenswood

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# Cash Flow

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- Smelter cash costs\* U.S. ~\$1,750-1,800/T  
Iceland ~\$1,350-1,450/T
- Ravenswood curtailment 2H 2009 – ~\$15MM  
2010 – \$25-30MM
- SG&A (base amount) \$6MM/quarter average
- Capex 2H 2009 – \$5-10MM  
2010 – ~\$15MM
- Helguvik 2H 2009 – ~\$10MM  
2010 – ~\$5MM (supplier payments)
- Cash interest expense ~\$22MM/year (\$11MM remaining in 2009)

\*At recent LME prices; assumes a market based alumina cost for Grundartangi; net of premiums to LME for U.S. plants

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# Summary

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- Industry fundamentals
  - Environment appears to be stabilizing
  - Supply/demand fundamentals weighted toward downside risk
- Cost reduction/cash preservation
  - Cost reduction efforts yielding measurable results
  - Liquidity picture enhanced
- Next steps
  - Potential further capacity curtailments
  - Other restructuring efforts
  - Processes required for restart of major construction at Helguvik

# Helguvik



# Appendix



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# Appendix

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The following slide contains a financial measure which is not based upon generally accepted accounting principles, or GAAP. The non-GAAP measure utilized is cash loss from operations. The Company defines cash loss from operations as operating income adjusted for the following non-cash items as presented on the statement of cash flows: Accrued plant curtailment costs, Depreciation and amortization, Lower of cost or market inventory adjustment, Pension and other postretirement benefits and Stock-based compensation.

The Company's calculation of cash loss from operations may not be comparable to similarly titled measures reported by other companies due to differences in the components used in their calculations. The Company's management believes the presentation of cash loss from operations is a useful measure to help investors evaluate the Company's capacity to fund its ongoing cash operating requirements, including capital expenditures and debt service obligations. Cash loss from operations should not be considered as a substitute for operating income as determined in accordance with GAAP. The following slide includes a reconciliation of cash loss from operations to its most comparable GAAP financial measure.

# GAAP Reconciliation of Cash Loss from Ops.

(\$MMs)

	Q2
Operating income	\$(25.7)
Accrued plant curtailment costs	2.8
Depreciation and amortization	19.2
LCM inventory adjustment	(40.5)
Pension and other postretirement benefits	3.4
Stock based compensation	1.4
Cash loss from operations	<u>\$(39.3)</u>

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# For Additional Information

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**Shelly Lair**  
**VP and Treasurer**

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# Annex A: Forward Looking Statements

Statements in this presentation that relate to future results and events (including statements about Century's anticipated financial and operating performance) are forward-looking statements based on current expectations and projections about future events. Many of these statements may be identified by the use of forward-looking words such as "expects," "anticipates," "plans," "believes," "projects," "estimates," "intends," "should," "could," "would," "will," and "potential" and similar words. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other things, those discussed in Century's periodic filings with the Securities and Exchange Commission (SEC), including the "Risk Factors" and "Management's Discussion and Analysis" section of our latest annual report and quarterly reports. Such factors include:

- Recent declines in aluminum prices have adversely affected our financial position and results of operations and could result in further curtailments of operations at one or more of our facilities if alternate sources of liquidity are not available or prices do not increase.
- A continuation or worsening of global financial and economic conditions could adversely impact our financial position and results of operations and limit our ability to access the credit and capital markets on acceptable terms to obtain funding for our operations and capital projects.
- The recent turmoil in the financial markets could have adverse effects on our pension funding obligations.
- If economic and political conditions in Iceland deteriorate, our financial position and results of operations could be adversely impacted.
- The market price of our common stock has declined significantly, may continue to be volatile, and may decline further.
- Our planned construction and development activities require substantial capital. We may be unable to obtain needed capital or financing on satisfactory terms or at all, which could delay or curtail our planned construction projects.
- We may be required to write down the value of certain assets.
- Our credit ratings were downgraded by two major credit rating agencies.
- The cyclical nature of the aluminum industry causes variability in our earnings and cash flows.
- Our molten aluminum sales at Hawesville are subject to long-term sales contracts which limit our ability to cut costs and create dependence on a major customer.
- We would be required to incur substantial costs in order to curtail unprofitable aluminum production.
- The cost of alumina used at Hawesville may be higher than under our LME-based alumina contracts.
- Changes or disruptions to our raw material supply arrangements and power supply could increase our production costs and reduce the profitability of our operations.
- Changes in the relative cost and availability of certain raw materials and energy compared to the price of primary aluminum could affect our operating results.
- Unexpected events, including natural disasters, may increase our cost of doing business or disrupt our operations.
- We are subject to the risk of union disputes.
- We are subject to a variety of environmental laws and regulations that could result in costs or liabilities.
- International operations expose us to political, regulatory, currency and other related risks.
- Our historical financial information may not be comparable to our results for future periods.
- Our level of indebtedness requires significant cash flow to meet our debt service requirements, which reduces cash available for other purposes, such as the payment of dividends, and limits our ability to pursue our growth opportunities.
- Restrictive covenants in our credit facility and the indenture governing our senior notes limit our ability to incur additional debt and pursue our growth strategy.
- Further consolidation within the metals industry could provide competitive advantages to our competitors.
- Reductions in the duty on primary aluminum imports into the European Union decrease our revenues at Grundartangi.
- We depend upon intercompany transfers from our subsidiaries to meet our debt service obligations.
- Provisions in our charter documents and state law may make it difficult for others to obtain control of Century, even though some stockholders may consider them to be beneficial.

We believe the expectations reflected in these forward-looking statements are reasonable, based on information available to us on the date of this presentation. However, given the described uncertainties and risks, we cannot guarantee our future performance or results of operations and you should not place undue reliance on these forward-looking statements. Century undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.