

CENTURY ALUMINUM COMPANY

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2:30 p.m. CST

Moderator Ladies and gentlemen, thank you for standing by. Welcome to the First Quarter 2007 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, Shelly Lair, Vice President and Treasurer. Please go ahead.

S. Lair Thank you, Stacey. 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. Please note the Web site participants have the ability to advance their own slides.

The following presentation, accompanying press release, and comments, include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements relate to future events and expectations, and involved 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 current expectations and we assume no obligation to update these statements. Investors are cautioned not to place undue reliance on these forward-looking statements. For risks related to these forward-looking statements, please review Annex A and our periodic SEC filings, including the risk factors and management's discussion and analysis sections of our latest annual report and quarterly report.

In addition, throughout this conference call, we'll 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 Logan Kruger, Century's President and Chief Executive Officer.

L. Kruger

Thank you, Shelly, and hello, everyone. Welcome to Century Aluminum's conference call covering the first quarter. Joining me today are Wayne Hale, Century's new Chief Operating Officer, who will discuss our operating results, and of course, Mike Bless who will provide comments on our financial performance. Also with us here today are Bob Nielsen, our General Counsel, and Steve Schneider, our Chief Accounting Officer. So let's get started.

If you move to slide four, I am pleased to report that the first quarter of the 2007 year was another successful quarter for Century. Strong aluminum markets continued in the first quarter with alumina prices averaging \$2,800 per ton. The forward screen shows an average above \$2,800 per ton for the balance of 2007. We are producing at full volume from our recently completed 130,000 ton expansion at Grundartangi in Iceland. Our next 40,000 ton expansion at this facility continues to be on budget and on schedule to reach capacity by the end of this year.

Earlier this week we signed a power agreement with one of the two geothermal producers in Iceland that will supply energy to our greenfield project near Helguvik. We have an MOU, Memorandum of Understanding, for the remaining power and expect to finalize the

agreement shortly. During the quarter we also submitted the environmental impact assessment for the project and expect that process to be finalized in due course.

In the U.S., all of our plants are performing well. Safety and operating metrics at Hawesville and Mt. Holly were very good in the first quarter, and Ravenswood is showing steady improvement. Our greenfield project studies are progressing in Jamaica and the Republic of the Congo, and we continue to pursue further growth opportunities in the upstream aluminum industry that will increase our geographic diversity ... and lower our average unit cost.

The first quarter was another record period for Century's financial performance. Revenues and operating cash flows were both at historical highs for the company. Overall, Century executed well during this quarter.

If you move onto slide five, I'd like to spend a few moments on developments in the aluminum industry. The aluminum market continues to be reasonably well balanced in 2007. Concerns about a downturn in the second half of the year are being reconsidered, especially given the recent

power outages in both the U.S. and Africa. As you can see on the slide, the forward curve for aluminum indicates that markets are expected to remain strong over the next three to five years, with 2012 prices near the \$2,000 per ton mark.

China continues to be the driving factor behind aluminum supply and demand, with the first quarter production growth in China of 39% and consumption growth of 38%. The Chinese government is once again increasing its efforts to discourage other investment in power intensive industry on two fronts: regulations on new and existing capacity and changes in tax policy. Recent reports indicate that the government is implementing higher environmental standards, larger capacity thresholds, and other measures as part of China's effort to curb aluminum production growth.

As you all know, semi-fabricated aluminum exports in China still enjoy a VAT rebate. It is expected that the government will continue its efforts to rein in aluminum production growth by slowly reducing those rebates and possibly implementing a tax on semis-exports, similar to changes in tax policy that incurred recently for unwrought exports.

Global production increased 12% in the first quarter, while consumption grew at a rate of just under 10%. The increase in production, while significantly dependent on restarts of idle capacity and actual capacity growth was less than 5%.

The aluminum industry is now operating at a utilization rate in the low to mid-90s, which indicates there's little viable idle capacity left to be restarted. You should note that at these levels, it's more likely that operating rates will decrease rather than increase as production capacity is fully utilized.

On the demand side, industry experts have increased their 2007 global consumption forecasts to the 7% to 8% range and higher, primarily due to the significant growth in China.

If we move on to slide six, you can see that the aluminum prices remained strong in the first quarter of 2007, increasing by \$80 per ton from an average of \$2,720 in Q4 2006 to \$2,800 in Q1 '07. European premiums continued to show strength at roughly \$190 per ton for duty paid metal during the quarter, although there was a slight fallback from recent levels. The decrease in premium may be in reaction to the uncertainty around a

new proposal to reduce European duty to 3% that was introduced in March. This proposal has not been finalized, and an effective date has not been proposed.

The U.S. metallurgist premium is now at \$0.03.5 per pound after dropping to some \$0.02.5 per pound earlier in the year. This improvement we believe reflects normal seasonal market strengthening after a period of de-stocking.

I would note that the current premium remains below the \$0.04 to \$0.06 levels that we have been seeing over the last three years, and our markets are fairly subdued. Since early March when the significant back liquidation disappeared, LME and inventories have been relatively flat and remain near 75 days of consumption, again indicating a tight aluminum market.

On the alumina side, spot prices continue to trade in the \$350 to \$400 per ton. The most recent tender is about \$420 per ton. The social unrest in Guinea appears to have settled down for the time being, but now the government has indicated that it plans to review existing mining projects, which is keeping pressure on the aluminum market.

I'd now like to turn over to Wayne for a discussion on the operations.

W. Hale

Thanks very much, Logan. It's good to be here, part of the Century team.

Let's turn to slide seven. Our U.S. smelter operations had an excellent first quarter, continuing on an incremental improving trend in all areas.

The Hawesville smelter worked without a lost-time injury during the quarter, and is fast approaching one million person hours without a lost-time accident. This is a significant achievement in any industry, and is a credit to the leadership and people at the plant. Metal production and nearly every performance indicator is meeting or exceeding expectations.

At the Ravenswood smelter, safety performance is on track, with actions being taken by all at the plant to continue to improve performance. Metal production and other key operational performance indicators are at or near 2007 expectations. The Mt. Holly facility continues along with the excellent pace established last year. All the elements of the operations are performing well.

The Nordural plant at Grundartangi has improved its operation throughout the quarter and it's at or above target in all critical performance areas. We continue to work to improve safety performance at this facility as well.

Phase Five, which is the most recent plant expansion, adding 40,000 metric tons per year, continues on budget and on schedule. We expect first metal by the end of the third quarter, ramping up to full capacity by the end of the year. Let's move on to the next slide.

Here, I'll discuss bauxite and alumina operations. Although wet weather continued into 2007 with March being a very wet month, St. Anne's mining team registered a 57% production increase compared to the same quarter last year. The introduction of a new mobile equipment fleet last year has improved the mines' capabilities.

During the quarter, Gramercy Alumina achieved one million person hours without a lost-time accident. Many plants aspire, but few achieve this goal. It is a result of everyone at Gramercy being aligned with the requirements of working injury-free. A power failure in November 2006 impacted production at the facility. The refinery reestablished its full production capability in mid-March and is currently at a run rate equal to or better than the target production. Product quality continues to be excellent.

An important cost issue at the refinery is energy. We are reviewing alternative energy technologies, as well as throughput improvement projects, with the objective of reducing our operating costs at the refinery. Now let's turn to marketing and sales.

In the first quarter 2007, we averaged a lower Midwest premium than December 2006; however, by March month-end, it had recovered to \$0.3.75 per pound as the backwardation evaporated and the demand returned to the market. The current market for aerospace is strong, with increasing high-purity premiums. With Hawesville being a major producer of high-purity metal, this is an important part of our marketing strategy going forward.

The demand in the sheet and plate business segment remains good with the exception of automotive. Although automotive is showing slight recovery, the aluminum rod and cable business remains strong, with our major customers taking more metal than average. Our finished goods inventory at all our facilities remains low, so it can take advantage of the strong markets.

Now I'll turn it over to Mike, who will discuss the financial results.

M. Bless

Thanks very much, Wayne, if everybody would please turn to slide nine of the presentation. I'll also be referring obviously to the financial information that we sent out along with the press release as we go along. Let's get started.

The cash LME price, as Logan referred to in the quarter increased about 3% sequentially versus Quarter Four. And if you adjust that for a one-month lag, the price was up about 8% sequentially. On our volumes, if you look at page four of the earnings information, our volumes were up about 2% on a consolidated basis, quarter to quarter. In the U.S., volumes were reasonably flat, up a couple hundred tons, as our U.S. plants are operating at capacity. Towing shipments were up about 5% sequentially, due obviously to the completion of the 220,000-ton expansion at Grundartangi, which completed in the fourth quarter of last year.

Based on these factors, net sales on a consolidated basis, as you can see on the income statement information page, were up about 5.5% quarter to quarter. Of the increase in sales, about three-quarters of it was due to the increase in our realized prices, and the remaining quarter obviously due to the increase in our volume.

Working down the income statement, gross profit as you can see, the margin up almost 300 basis points to 24.7%. We think the conversion on that increased sales down to gross profit of about 75% or \$0.75 on the increased sales dollar, if you want to look at it that way, represents good performance for the quarter.

A couple of items which impacted gross profit for the quarter, I'd like to talk about just for a moment. In Mt. Holly, we've been talking to you for some time about the electrical power prices at Mt. Holly, with which obviously we have not been satisfied over the last couple quarters, specifically relating to the fuel surcharges with which we've been hit. The fuel surcharge actually eased this quarter, about a million dollars versus Q4. Secondly, I'd point out that operating costs at Nordural were about \$2 million favorable to Q4, reflecting the stable operations of that plant after the major capacity expansion last year.

Going the other way, our carbon anode and other related material costs were up about \$3 million quarter to quarter, obviously reflecting the strengthening in crude oil prices to which these kinds of products are referenced in terms of their prices. We're spending a lot of time looking

at both short-term and longer-term structural ways to address this important part of our costs.

Two items related to alumina that I'd like to apprise you of. They didn't hit us in the first quarter of this year, as it relates to the income statement, the P&L, but they will be coming in Q2 and I want to give everybody a heads-up on them.

First, we did purchase two spot cargoes this past quarter, about 20,000 tons of material of alumina for Hawesville in relation to some of the production issues at Gramercy that we've been talking to you about.

Versus the cost that we would have had for that material coming out of Gramercy, the cost of those spot cargoes was about a \$2 million difference or increase from what it would have been coming out of Gramercy.

Because of FIFO accounting, that didn't roll through to the income statement this past quarter, but it will impact the second quarter, again, about \$2 million, and so you need to be aware of that.

Secondly, on alumina, our new contracts for Ravenswood and Mt. Holly, we've been talking to you about these for the past four or five quarters.

Those obviously commenced in January of this year. Again, because of

FIFO accounting, they didn't roll through the income statement this quarter, but they will hit in the second. Obviously the cash was spent in the first quarter.

Just to give you a sense: If you held everything constant, i.e., the volumes under the contracts, which is a reasonable assumption to hold constant, obviously, and if you just assume that the LME remain constant – obviously the contracts are priced off of the LME – so everything constant, quarter two to quarter one, we have an increase in our alumina costs in our P&L of just short of \$6 million in the second quarter.

Moving down the income statement to SG&A, we continue to think \$9 million, maybe a little bit over \$9 million per quarter, is the right base amount to expect going forward. Two items we'd like to apprise you of this past quarter: Number one relates to the spending in terms of the development of our project in Helguvik, Iceland. That was about \$2 million in the P&L this quarter.

If you go back to what we talked with you about in February, we said we'd spend upwards of \$10 million in developing Helguvik this year, and that's still a good estimate. About two-thirds, maybe three-quarters of that

spending this year is likely to hit the income statement rather than the balance sheet in terms of capital expenditures.

The way the accounting works is that until the project reaches a certain level of certainty, generally defined as formal board approval, many of the items get booked as G&A expense and not capital items. And therefore, for most of the balance of this year, those items, like I said, maybe two-thirds of the spending this year, maybe a bit more, will hit as G&A, not capital items. But \$10 million is the right cash number for the year.

Other item in SG&A, about \$2 million of largely compensated related expense, largely related to the search for and the hiring of and relocation of senior executives and some miscellaneous compensation items.

Moving down, just some other items on the income statement. As you can see, the mark-to-market charge this quarter of gain actually is de minimis this quarter, \$390,000 pretax.

Effective tax rate this quarter, 30.4%, was consistent with the forecast that we provided you at the beginning of the year.

Bottom-line EPS, \$1.98 basic and \$1.87 diluted, let me explain the major difference between basic and diluted here, just so we have good understanding. Obviously the major difference between the number of basic and diluted shares driving the EPS has to do with the accounting for our convertible senior notes.

Just to take a step back on those notes before we talk about the accounting for them, just to remind you, the economic terms and conditions of them: they settle in cash up to the principle amount of \$175 million. Any premium over that principle amount at the company's option settles in any combination of cash and common shares.

Now, on the accounting, it's a little bit tricky. The way the accounting works, just very quickly, is you start with a principle amount and the number of shares into which that principle amount converts. Conversion price is a little over \$30. It's about 5.7 million shares into which that principle amount converts.

In order to calculate what percentage or proportion of that 5.7 million you add in to get the diluted share calculation, it's a reasonably simple fraction. The numerator of the fraction is simply the premium of the

average share price during the quarter, which is about \$44 this quarter, over the conversion price, so that premium is the numerator. The denominator is the average share price itself. And when you run that fraction and the quotient that it produces, you multiply it by that 5.7 million shares, you get about 1.8 million shares which, as you can see, constitutes the majority, almost the whole, of the difference between the basic and diluted shares.

Moving on to page 10, you see some cash flow information. This is free cash flow as we define it. Just to remind you, we define it as cash from operations minus the non-Iceland expansion capital spending. So really, all this is sustained in capital spending. We're very pleased with the performance this quarter of \$96 million, a little over 20% of sales it represents, and just shy of 150% of net income.

Going to page three of the financial information, the cash flow data, really no items of note that I would call out for you this quarter. We did spend \$27 million of cash this quarter on the settlement of our derivative contracts.

Just a couple comments on the balance sheet data for this quarter, which is

on the second page of the financial information, we came up with a cash balance of \$168 million, nice growth from December. This, despite \$29 million of spending on the 40,000-ton expansion of the Grundartangi plant that will conclude by the end of this year, as we've told you before.

A couple other items: the borrowings under the Icelandic debt facility, about flat quarter to quarter, about \$340 million including the current piece. Due to the cash that we've accumulated despite the Iceland spending, we're going to make an optional repayment under that facility at the end of this month of \$70 million, is what we've done. And so you'll see that reflected – that payment gets made next Monday, actually, and you'll see that reflected obviously on the June balance sheet.

One last item: We, like other companies this quarter, adopted FIN 48, which is the new accounting interpretation on income taxes, and the adoption of FIN 48 resulted in an \$8 million reduction in shareowners' equity on the balance sheet.

And with that, I'll turn it back to Logan.

L. Kruger

Thanks, Mike. If you turn to slide 11, the first quarter for 2007 was a strong quarter for our company, and I'm pleased with the way the operations are going. We achieved record levels for revenues, operating cash flow and shipments. We are seeing additional profit from our recently completed 170,000-ton expansion in Iceland, and the first metal from the next 40,000-ton expansion is on schedule for later this year.

When the first 130,000-ton phase for the new Helguvik project comes on stream in the latter part of 2010, Century will be closing on one million tons of metal. We expect the second phase of Helguvik to take the ... to 250,000 tons per annum by no later than 2015, bringing our total capacity to over one million tons of metal a year. We continue to progress the study on the greenfield project both in Jamaica and the Republican Congo, and are actively pursuing additional growth opportunities worldwide.

I'd now like to invite you to pose some questions for us. Thank you.

Moderator

Thank you. One moment, please. Our first question comes from the line of Kuni Chen with Bank of America Securities. Please go ahead.

K. Chen Good afternoon, everyone. Just first up, on Helguvik, I'm just hoping you could give me a little bit more color on where you stand with putting together a financing package there, and on technology selection.

L. Kruger I'll take the technology first. We're in the final throes of evaluating two or three technologies. We're getting near to the end. We'll make a final decision as part of the development of the engineering work this year. On the financing side, obviously we've got a number of options, and I'll maybe ask Mike if he'd like to comment further than that.

M. Bless Sure, Logan. We're obviously looking at this carefully, Kuni. We've started discussions with our banks in Iceland who led the syndicate that underwrote the current facility, about a new restructured facility that would contemplate the new investment. And though it's early days, I think I'd say there's a lot of interest, and we're making good progress. So as Logan said, along with the technology selection and the preparation of a bankable – to use an overused, probably, term, feasibility study – the financing work will go along with that over the next couple months.

L. Kruger I would add, Kuni, to that as well, that our environment impact assessment has been completed and submitted and is going through the review process, so we've made quite a lot of progress this last quarter.

K. Chen Right, okay. Then just as a follow-up, recently some U.S. aluminum assets were announced to be sold to a private equity buyer. Obviously this is something that you would have taken a look at. Was this simply a matter of valuation for you guys, or was there some other reason that you decided to take a pass?

L. Kruger Kuni, that's an interesting question. We really don't comment on those sort of questions. As we said before, we're always in the market, but we don't comment specifically.

K. Chen All right, fair enough. I'll pass it over.

Moderator Our next question comes from the line of David Lipschitz with Merrill Lynch. Please go ahead.

D. Lipschitz Just a quick thing on the alumina: Did you say that was \$6 million in total, Mike, or is that \$8 million, six plus two?

M. Bless Sorry, David, it's eight total. So the two was the spot cargo, which – I don't want to say it's a one-time thing, but that was a decision that we made to make sure that we were adequately supplied for Hawesville. Obviously you don't want to play that too close to the line. And then the \$6 million, again, all the assumptions remaining equal or constant is a reflection of the new contracts that just kicked in on January 1.

D. Lipschitz Okay, thanks.

L. Kruger And David, as you remember, we talked extensively about this last year. Just on those spot cargoes, obviously we're very pleased with the throughput at Hawesville, and so we wanted to make sure that we didn't fall short and not have the opportunity to make extra production.

D. Lipschitz Okay. Second question: Any interest in a packaging business?

L. Kruger Hah. Good question, David. I think the reaction speaks for itself.

D. Lipschitz Thanks.

Moderator Our next question comes from the line of Justine Fisher with Goldman Sachs. Please go ahead.

J. Fisher The first question that I have is just about China, and I guess this probably has to be asked on every call, but I think that when everyone is looking at aluminum supply and demand, China tends to be obviously the linchpin – or the swing factor, shall I say – of the market. And so I was wondering if we could dig a little bit deeper into what is going on in China in particular. I mean, how big of a swing factor are these VAT changes and the attempts to regulate capacity and environment regulations? I mean, because I think the one response that you hear from people who don't believe that China is going to be able to cut production is that, oh, well, the VAT changes won't work and the regulations won't work.

I mean, are these the most important swing factors as far as restraining Chinese production, or are there other things that you can see that could bring it back in line?

L. Kruger I'll just give you some views that we hear in the market, Justine. We go to China upon a regular basis. I think the Chinese government is trying very hard to regulate and moderate the growth of alumina and aluminum

production. But that's not an easy thing. The counterbalancing for that, of course, is what is the demand in China. And if you look at industrial production growth in China again, I think the last number I saw is in excess of 18%. So you've got a fairly well balanced from the numbers that we see these days of production growth of 39% and consumption growth of 38%.

I would add one other thing for you to, perhaps, look and consider about China, is what is the downstream consumer growth going to be like in the future? And you're starting to see it in numbers coming out of automotive, and talk about packaging and things like that. So I think we haven't really seen what the real consumption driver is going to be in China. I also looked at the total exports, both semis and unwrought, and the total exports out of China in fact are about flat to maybe slightly down. Last piece, total alumina IAI stocks and Shanghai stocks and Japanese ... stocks are ... down somewhat over a year ago, so we're pretty well balanced at this point in time.

J. Fisher

Okay, thank you very much.

Moderator Our next question comes from the line of Carlos De Alba with Morgan Stanley. Please go ahead.

C. De Alba A quick question just following up on China: I was under the impression that the exports of semi products, aluminum semi products, have been increasing quite rapidly, and so my question is, if that – I mean, if you can confirm that. And if that's the case, once the VAT changes come through, what will be the impact in your mind of this potentially lower semi exports out of China for the domestic primary demand in that country?

L. Kruger I'm just looking at the chart in front of me from one of the commentators, one of the industry experts. And obviously you're correct, the semis have grown, and the swing from unwrought to semis was very closely after the change in the tax rules. Consistently over the last period of time, years, the Chinese government have indicated what they're going to do by talking largely about it. And now I think there will be changes as probably is indicated by other industry experts on taxes and VAT rebates on the semis.

The question you really are asking I think is where does that metal go to, and that's what I posed earlier to Justine, was I think a lot of this is going

to go into the real users within China itself. So I think there will be some moderation of growth, but I think you'll see 12 million tons of primary metal production in China this year.

C. De Alba Okay, excellent. Those were the questions I had. Thank you very much.

Moderator Our next question comes from the line of Mark Liinimaa from Morgan Stanley. Please go ahead.

M. Liinimaa Could you comment a little more on opportunities, project opportunities you see to grow in alumina and bauxite?

L. Kruger I think, Mark – and we don't specifically comment, other than the ones that we've got on the table. We're pleased with those. Jamaica is a good place to be doing bauxite and alumina, but it's early stages. Our recent announcement in the Congo has both a bauxite opportunity as well. In addition to that, we look right across where all these opportunities are, as to other people, and we continue to do that. And so that's the only comment. Maybe Mike or Wayne would like to comment separately?
Thanks, Mark.

Moderator We have a question from the line of Wayne Atwell with North Street Capital. Please go ahead.

W. Atwell Thank you. The first question: Can you tell us what your cap ex budget for this year is?

M. Bless Sure. Wayne, this is Mike. Let me divide it into two pieces. It's still consistent with where we were in the forecast that we gave in February. So, two pieces: the first piece is the completion of the 40,000-ton expansion at Grundartangi to bring it up to 260. We said at the beginning of the year, and the forecast is still good, that we'd spend around \$95 million for the year. As you can see on the cash flow statement, we spent just under 30 for the first quarter on that.

Secondly, in terms of all other cap ex – sustaining, environmental compliance and whatnot – for the whole global system, the base budget as we – we broke that one into two pieces, still a good estimate. The base budget, around \$20 million for sustaining cap ex. We also look at regularly, as Logan has described before, so-called return or productivity projects that we said could add 10, even as much as \$15 million, if we find them. These are mostly small discrete projects in the hundreds of

thousands of dollars to maybe a million dollars of capital each. They must have a very short return period. Our strict criteria is a two-year or under, simple payback.

There are de-bottlenecking and other projects that lower costs and increase productivity. I think you know what we're talking about. So that's the three pieces.

W. Atwell

So based on your first-quarter profit and some assumption that metal would stay around where it's at for the rest of the year, you should generate a nice positive cash flow. Is that going to pay down your debt, or would at some point you be buying back stock, or – where are you going to go with your cash?

M. Bless

That's a good question. I think your first assumption, given all those assumptions, is – or your first conclusion, sorry, Wayne, given all the assumptions, is a reasonable one. As we just said, we're going to start paying down the debt in Iceland. We think that's the right thing to do. And as we said before, as it relates to other cash flow, I'd make two comments: One is, we're always looking at the right corporate financing decision; that goes without saying.

But second, to remind you that we do have a very major project coming up, as we develop Helguvik and get closer to the time at which significant capital spending would commence on that project. As we've said before, the real capital would start sort of four quarters or so from now. So that question that you raised and the analysis that goes with it, you need to keep that very major investment sort of in front of you as you do it.

W. Atwell

And just remind me, what sort of range are we talking about in cap ex for that project?

L. Kruger

I think the primary – our new facilities at green field, Wayne, needs somewhere between say \$4,500 and \$5,500 per annual ton, depending if you have a carbon plant or not. So you could use that range, use the middle of that point of range, gives you some idea of what people are spending on new facilities.

I think just as another marker perhaps for you to consider, taking our numbers on our expansion at Grundartangi, you can come to a number less than \$4,000 a ton. So the greenfield site is not a major branch in the expansion, so that was \$3,600 on average for our major expansion.

W. Atwell Okay. Then lastly, I think one of the more attractive places in the world, forgetting the politics, is Vietnam for bauxite and potentially alumina. Now, it's not on the top of everybody's list, but you've been fairly creative in how you've expanded the company over the years, so is that something you're considering at all? Would you go into Vietnam?

L. Kruger Wayne, I think you've spoken with us on a number of occasions. We'd look at any place. I think we then look at the risk and our ability to do business in that area, and so in an answer to your question here, it's on the list and it will get consideration as and when.

W. Atwell So you would actually consider that, then? That's –

L. Kruger Yes, we'd consider any place, but we'll then have to weigh risks. We have to weigh whether we are in the place and whether we can do good business there, and at what rate; and the last thing we'd weigh it against is what we do in So it all goes into the pot, and we try and come out with a list that gives us the best advantage.

W. Atwell Thank you.

- Moderator We have a follow-up question from the line of Kuni Chen. Please go ahead.
- K. Chen Just one last question: You had mentioned that you're looking to do something on the carbon anode side to shore that up longer term. Can you just give us some color on what you might be thinking there? Is that of the greenfield variety, or is that some kind of longer-term commercial agreements? If you could just elaborate, please.
- L. Kruger I think you look at both. If you take into consideration of in-house requirements just in Iceland, if you look at Grundartangi and Helguvik coming on, Kuni, you realize that we're quite a large user. So we would look at both options as you described them.
- K. Chen Okay, but the priority is for Iceland, not for the U.S.
- L. Kruger The U.S. has got their own facilities at this point in time, so again, it's a backup if you have a problem in a particular plot. But the highest demand out of the box for us is, of course, Iceland.
- K. Chen Okay, great. Thanks.

Moderator We have a question from the line of Matthew Starick with Citadel. Please go ahead.

M. Starick One question, just a very quick one: There's \$10 million just on the cap ex question, the three parts. There's also a fourth part, I guess, which the Helguvik cap ex sort of –

M. Bless Matt, this is Mike. Thanks for the clarification. You bet. There's the ten for the development of Helguvik. As I said during my comments, a rough estimate, two-thirds to three-quarters of that again will show up in the financial statements as G&A rather than capital itself, but it's part of the project. Irrespective of the way it's accounted for, it's spending in furtherance of that project.

M. Starick Okay, thanks. I just wanted to clarify that.

M. Bless No problem, thank you. That's a good clarification.

M. Starick The other thing, just on Grundartangi, is there any scope to actually take that even further up?

L. Kruger Matt, yes. It's obviously power-dependent, but you know that we've got an environmental permit up to 300,000 tons. So obviously that would be the first step, and sometime in the future we'd reconsider it. Our focus of course at this point in time is to get Helguvik off

M. Starick Okay, so as far as priorities go, Helguvik is the priority of those two projects.

L. Kruger Yes. And as you know, the power source for Helguvik is based in the south, and the ..., which are the communities in the south of Helguvik are wanting that power to go into a project in their area. So again, it's not as if we could take that power and take it off to Grundartangi. We have it dedicated to Helguvik.

M. Starick Sure. And just as sort of more of a sort of ... picture view to help us try and understand, given the success of the Nordural investment – and I understand that you guys weren't necessarily there when you were going through the original process of the Nordural investment – but as far as Helguvik looks right now, if you were at the same stage years ago at Nordural, does Helguvik's economics look better than Nordural, or

similar, or – sort of in a longer-term sense when you're making the investment decision.

L. Kruger I think the one was an existing facility with a purchase price up front, then a major expansion. In general, I think you have to accept that brown field expansions give you slightly better returns than green field. But we haven't got the final numbers yet, so it's a bit early for us to say.

M. Starick Okay. But the economics of the power contracts, maybe alumina and that sort of thing, you'd probably think it would be comparable to Nordural?

L. Kruger I think naturally you've got to ask a fundamental question: Are we going to be a tolling facility at Helguvik, or are we going to be producing our own metal and selling it; so we haven't got to that stage yet. It's, we're fairly early stage. First production of metal is planned for towards the end of 2010, so we haven't made that fundamental decision yet.

M. Starick Okay, no problem. Thanks.

Moderator There are no further questions from the phone lines. Please continue.

L. Kruger Thank you very much, everyone, for listening today. We're pleased with our quarter's performance, and we look forward to speaking to you again soon. Thank you.

Moderator Ladies and gentlemen, this concludes our conference for today.