NEWPORT CORP
Form 4
November 12, 2013

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
CARGILE CHARLES F

(Last) (First) (Middle)

1791 DEERE AVENUE

(Street)

IRVINE, CA 92606

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
NEWPORT CORP [NEWP]

3. Date of Earliest Transaction (Month/Day/Year)
11/08/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP, CFO and Treasurer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/08/2013		M		15,000	A	$ 16.91	120,714 (1)	D	
Common Stock	11/08/2013		S		15,000	D	$ 17.1641 (2)	105,714	D	
Common Stock	11/08/2013		S		7,000	D	$ 17.1715 (3)	98,714	D	
Common Stock	11/08/2013		S		3,000	D	$ 16.9757 (4)	1,000	I	Held in family trust (5)

Common Stock	11/11/2013		M		16,083	A	$ 16.91	114,797	D	
Common Stock	11/11/2013		S		16,083	D	$ 17.3652 (6)	98,714	D	
Common Stock	11/11/2013		M		167	A	$ 16.91	98,881	D	
Common Stock	11/12/2013		S		1,499	D	$ 17.4	97,382	D	
Common Stock								1,000	I	Held in family trust (5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8 D S (I
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock option (right to buy)	$ 16.91	11/08/2013		M			15,000	(7)	01/01/2014	Common Stock	15,000	
Stock option (right to buy)	$ 16.91	11/11/2013		M			16,083	(7)	01/01/2014	Common Stock	16,083	
Stock option (right to buy)	$ 16.91	11/11/2013		M			167	(7)	01/01/2014	Common Stock	167	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CARGILE CHARLES F 1791 DEERE AVENUE IRVINE, CA 92606			SVP, CFO and Treasurer	

Signatures

/s/ Jeffrey B. Coyne, SVP & General Counsel, as attorney-in-fact for reporting person	11/12/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Includes a total of 848 shares acquired through the issuer's Employee Stock Purchase Plan on June 30, 2013 and September 30, 2013.

(2) Reflects the weighted-average sale price for an aggregate of 15,000 shares sold in multiple transactions at prices ranging from $17.06 to $17.36 per share. Reporting person undertakes to provide upon request by the Securities and Exchange Commission staff, the issuer, or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

(3) Reflects the weighted-average sale price for an aggregate of 7,000 shares sold in multiple transactions at prices ranging from $16.98 to $17.26 per share. Reporting person undertakes to provide upon request by the Securities and Exchange Commission staff, the issuer, or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

(4) Reflects the weighted-average sale price for an aggregate of 3,000 shares sold in multiple transactions at prices ranging from $16.90 to $17.04 per share. Reporting person undertakes to provide upon request by the Securities and Exchange Commission staff, the issuer, or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

(5) Shares are held by reporting person and his spouse as trustees of a family trust.

(6) Reflects the weighted-average sale price for an aggregate of 16,083 shares sold in multiple transactions at prices ranging from $17.305 to $17.42 per share. Reporting person undertakes to provide upon request by the Securities and Exchange Commission staff, the issuer, or a security holder of the issuer, full information regarding the number of shares sold at each separate price.

(7) Option became fully vested on January 2, 2008.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ht: 0%; font-size: 10pt; font-family: Arial, Helvetica; color: #000000; background: #FFFFFF"> **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

marked to market quarterly. Gains and losses on the embedded derivative are recorded in net gain (loss) on forward contracts on the Consolidated Statement of Operations.

The financial and physical delivery contracts for primary aluminum that are not designated cash flow hedges or do not qualify for cash flow hedge treatment, as provided for in current accounting standards, are marked-to-market quarterly. Fluctuations in the LME price of primary aluminum have a significant impact on gains and losses included in our financial statements from period to period. Unrealized and realized gains and losses are included in net gain (loss) on forward contracts.

The effectiveness of our cash flow hedges for primary aluminum and natural gas are measured by a historical and probable future high correlation of changes in the fair value of the hedging instruments with changes in value of the hedged item. If high correlation ceases to exist, then gains or losses will be recorded in net gain (loss) on forward contracts. To date, high correlation has always been achieved. Our cash flow hedges for foreign currency are option contracts that provide one-sided protection from Icelandic krona appreciation. If the krona appreciates to any level below the strike price, the option will be exercised, creating a perfectly effective hedge. If the krona depreciates to any level above the strike price, the option will expire unexercised and the Company will buy krona at an equivalent or better price than allowed by the option strike price. During 2006, 2005 and 2004, we did not recognize any gains or losses for ineffective portions of our cash flow hedges. As of December 31, 2006 and 2005, we had recorded in other comprehensive income deferred losses of $90,728 and $88,458, respectively, on our cash flow hedges, net of tax.

Financial Instruments Our receivables, payables, debt related to industrial revenue bonds (IRBs), Nordural debt and forward financial contracts are carried at amounts that approximate fair value. At December 31, 2006, our 7.5% senior unsecured notes due 2014 and 1.75% convertible senior notes due 2024 had carrying amounts of $250,000 and $175,000, respectively. At December 31, 2006, the estimated fair value of the 7.5% senior unsecured notes due 2014 and 1.75% convertible senior notes due 2024 were $252,500 and $277,900, respectively.

Concentration of Credit Risk Financial instruments, which potentially expose Century to concentrations of credit risk, consist principally of cash investments and trade receivables. We place our cash investments with highly rated financial institutions. At times, such investments may be in excess of the FDIC insurance limit. Our limited customer base increases our concentrations of credit risk with respect to trade receivables. We routinely assess the financial strength of our customers.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stock-Based Compensation We adopted SFAS No. 123(R), Share-Based Payment effective January 1, 2006. As such, through December 31, 2005, we accounted for stock based compensation in accordance with Accounting Principles Board (APB) Opinion No. 25 Accounting for Stock Issued to Employees. No compensation cost was recognized for the stock option portions of the plan prior to January 1, 2006 because the exercise prices of the stock options granted were equal to the market value of our stock on the date of grant. Had compensation cost for the Stock Incentive Plan, see Note 9, been determined using the fair value

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

method provided under SFAS No. 123, our net income (loss) and earnings (loss) per share would have changed to the pro forma amounts indicated below:

		2005	2004
Net income (loss) applicable to common shareholders	As Reported	$ (116,255)	$ 32,713
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects		2,840	1,767
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		(3,570)	(2,148)
Pro forma net income (loss)		$ (116,985)	$ 32,332
Basic income (loss) per share	As Reported	$ (3.62)	$ 1.14
	Pro Forma	$ (3.64)	$ 1.13
Diluted income (loss) per share	As Reported	$ (3.62)	$ 1.14
	Pro Forma	$ (3.64)	$ 1.12

The fair value of our stock option grants and service-based share awards is estimated on the date of grant using the Black-Scholes option-pricing model. Information about our assumptions used to value the grants in 2006, 2005 and 2004 is available in Note 9.

Recently Adopted Accounting Standards In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 158, Employer s Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment to SFAS No. 87, 88, 106, and 132(R). This statement requires an employer to recognize the funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The statement requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position. In addition, the statement requires additional disclosure about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. We adopted SFAS No. 158 as of December 31, 2006. The incremental effect on our financial statements as a result of the adoption of SFAS No. 158 is disclosed in our Pension and Other Postretirement Benefits note (Note 7).

We adopted SFAS No. 123(R) effective January 1, 2006. We elected to use the Modified Prospective Application Method. Under this method, we recognized the fair value of employee stock-based compensation awards as compensation cost beginning January 1, 2006. SFAS No. 123(R) was applied to new awards granted subsequent to our adoption and for any portion of previous awards that had not vested as of January 1, 2006. The compensation cost recognized from the unvested awards will be based on the original grant-date fair value used to calculate our pro forma financial disclosure under SFAS No. 123. Our financial statements have not been restated for share-based payment expense for periods prior to January 1, 2006.

Recently Issued Accounting Standard In July 2006, the FASB issued FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with SFAS No. 109, Accounting for Income Taxes. It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition.

The Interpretation was issued to provide consistent criteria to recognize, derecognize, and measure benefits related to income taxes. SFAS No. 109 contains no specific guidance on how to address uncertainty in

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

accounting for income tax assets and liabilities. Disclosure provisions of the Interpretation will provide more information about the uncertainty in income taxes and liabilities.

The Interpretation will be effective for our 2007 fiscal year. We are currently assessing the Interpretation and have not yet determined the impact of adopting FIN No. 48 on our financial position and results of operations.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement applies to other existing accounting pronouncements that require or permit fair value measurements. The pronouncement does not require any new fair value measurements. SFAS No. 157 will be effective for financial statements issued for fiscal years beginning after November 15, 2007, and the interim periods within those years. We are currently assessing the new pronouncement and have not yet determined the impact of adopting SFAS No. 157 on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. The Statement would permit us to choose to measure certain financial instruments and other items at their fair value. The objective of the Statement is to mitigate the volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This fair value option would allow us to choose to measure eligible items at fair value at a specified election date.

The Statement is effective for us as of January 1, 2008. We are currently assessing the Statement and have not yet determined what, if any, impact the adoption of SFAS No. 159 will have on our financial position or results of operations.

Foreign Currency Our Nordural subsidiary uses the U.S. Dollar as its functional currency. Certain operating and construction expenses are denominated and payable in foreign currencies. Nordural s labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise and result in transaction gains and losses which are reflected in other income (expense) in the Consolidated Statement of Operations.

2. Acquisitions

The Gramercy Acquisition

In October 2004, Century and Xstrata (successor by merger with Falconbridge) completed the joint purchase of the Gramercy, Louisiana alumina refinery (Gramercy) owned by Kaiser Aluminum and Chemical Corporation (Kaiser) and Kaiser s 49% interest in a Jamaican bauxite mining partnership (St. Ann Bauxite). The purchase price was $23.0 million, subject to working capital adjustments. Century and Xstrata each paid one-half of the purchase price. All of the bauxite mined by the partnership is used for the production of alumina at the Gramercy refinery and at a third party refinery in Texas. The Gramercy refinery chemically refines bauxite into alumina, the principal raw material in the production of primary aluminum. Hawesville purchases virtually all of its alumina requirements from Gramercy. We use the equity method of accounting for our investment in Gramercy and St. Ann Bauxite.

Nordural Acquisition

In April 2004, we completed the acquisition of Nordural. Nordural is an Icelandic company that owns and operates a primary aluminum reduction facility located in Grundartangi, Iceland. The results of operations of Nordural are included in our Statement of Operations beginning April 28, 2004.

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We accounted for the acquisition as a purchase using the accounting standards established in SFAS No. 141, Business Combinations. We recognized $94,844 of goodwill in the transaction. None of the goodwill is expected to be deductible for Icelandic tax purposes; however, all of the goodwill is expected to be deductible for U.S. tax purposes.

The following tables represent the unaudited pro forma results of operations for the year ended December 31, 2004 assuming the acquisition occurred on January 1, 2004. The unaudited pro forma amounts may not be indicative of the results that actually would have occurred if the transaction described above had been completed and in effect for the period indicated.

	Year Ended December 31, 2004 (Unaudited)
Net sales	$ 1,099,122
Income before cumulative effect of change in accounting principle	40,298
Net income	40,298
Net income available to common shareholders	39,529
Earnings per share:	
Basic	$ 1.25
Diluted	$ 1.25

3. Inventories

Inventories, at December 31, consist of the following:

	2006	2005
Raw materials	$ 61,749	$ 47,352
Work-in-process	20,528	11,461
Finished goods	5,435	5,446
Operating and other supplies	57,698	47,177
Inventories	$ 145,410	$ 111,436

4. Property, Plant and Equipment

Property, plant and equipment, at December 31, consist of the following:

	2006	2005
Land and improvements	$ 13,061	$ 13,652
Buildings and improvements	247,128	122,356
Machinery and equipment	1,201,371	856,577
Construction in progress	93,588	358,674
	1,555,148	1,351,259
Less accumulated depreciation	(336,371)	(281,101)
Property, plant and equipment net	$ 1,218,777	$ 1,070,158

For the years ended December 31, 2006, 2005 and 2004, we recorded depreciation expense of $56,171, $41,972 and $37,927, respectively.

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At December 31, 2006 and 2005, the cost of property, plant and equipment includes $158,911 and $157,162, respectively, and accumulated depreciation includes $72,300 and $64,932, respectively, representing our undivided interest in the property, plant and equipment comprising Mt. Holly.

5. Debt

	December 31, 2006	December 31, 2005
Debt classified as current liabilities:		
1.75% convertible senior notes due 2024, interest payable semiannually(1)(2)(5)(6)	$ 175,000	$ 175,000
Hancock County industrial revenue bonds due 2028, interest payable quarterly (variable interest rates (not to exceed 12%))(1)	7,815	7,815
Current portion of long-term debt	30,105	581
Debt classified as non-current liabilities::		
7.5% senior unsecured notes payable due 2014, interest payable semiannually(5)(6)(7)	250,000	250,000
Nordural s senior term loan facility maturing in 2010, variable interest rate, principal and interest payments due semiannually through 2010(3)(4)	301,500	222,000
Nordural s various loans, with interest rates ranging from 2.70% to 6.75% due through 2020, less current portion	7,831	8,436
Borrowings under revolving credit facility		8,069
Total Debt	$ 772,251	$ 671,901

(1) The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The convertible notes are classified as current because they are convertible at any time by the holder. The IRB interest rate at December 31, 2006 was 4.21%.

(2) The convertible notes are convertible at any time by the holder at an initial conversion rate of 32.7430 shares of Century common stock per one thousand dollars of principal amount of convertible notes, subject to adjustments for certain events. The initial conversion rate is equivalent to a conversion price of approximately $30.5409 per share of Century common stock. Upon conversion of a convertible note, the holder of such convertible note shall receive cash equal to the principal amount of the convertible note and, at our election, either cash or Century common stock, or a combination thereof, for the convertible notes conversion value in excess of such principal amount, if any.

(3) Nordural s senior term loan interest rate at December 31, 2006 was 6.90%. The $365.0 million loan facility contains customary covenants, including limitations on additional indebtedness, investments, capital expenditures (other than related to the expansion project), dividends, and hedging agreements. Nordural is also

subject to various financial covenants, including a net worth covenant and certain maintenance covenants, including minimum interest coverage and debt service coverage beginning as of December 31, 2006. Nordural is required to make the following minimum repayments of principal on the facility: $15.5 million on February 28, 2007 and $14.0 million on each of August 31, 2007, February 29, 2008, August 31, 2008, February 28, 2009, August 31, 2009, and all remaining outstanding principal amount on February 28, 2010.

(4) Nordural s obligations under the term loan facility are secured by a pledge of all of Nordural s shares pursuant to a share pledge agreement with the lenders. In addition, substantially all of Nordural s assets are pledged as security under the loan facility.

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) The obligations of Century pursuant to the notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of our existing domestic restricted subsidiaries.

(6) The indentures governing these obligations contain customary covenants, including limitations on our ability to incur additional indebtedness, pay dividends, sell assets or stock of certain subsidiaries and purchase or redeem capital stock.

(7) On or after August 15, 2009, we may redeem any of the senior notes, in whole or in part, at an initial redemption price equal to 103.75% of the principal amount, plus accrued and unpaid interest. The redemption price will decline each year after 2009 and will be 100% of the principal amount, plus accrued and unpaid interest, beginning on August 15, 2012.

We have a $100,000 senior secured revolving credit facility (Credit Facility) with a syndicate of banks that will mature September 19, 2010. Our obligations under the Credit Facility are unconditionally guaranteed by our domestic subsidiaries (other than Century Aluminum Holdings, Inc., Century Louisiana, Inc., and Nordural US LLC) and secured by a first priority security interest in all accounts receivable and inventory belonging to Century and our subsidiary borrowers. The availability of funds under the Credit Facility is subject to a $15,000 reserve and limited by a specified borrowing base consisting of certain eligible accounts receivable and inventory. Borrowings under the Credit Facility are, at our option, at the LIBOR rate or bank base rate, plus or minus in each case an applicable margin. The Credit Facility is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, affiliate transactions, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments. We could issue up to a maximum of $25,000 in letters of credit under the Credit Facility. In 2006, we issued two letters of credit totaling $800. Other than the letters of credit, we had no other outstanding borrowings under the Credit Facility as of December 31, 2006. As of December 31, 2006, we had a borrowing availability of $99,025 under the Credit Facility. We pay a commitment fee for the unused portion of the line.

Principal Payments on Long Term Debt

Principal payments on our long term debt in the next five years and thereafter are as follows:

	Total	2007	2008	2009	2010	2011	Thereafter
7.5% senior notes due August 2014	$ 250,000	$	$	$	$	$	$ 250,000
Nordural debt	339,436	30,105	28,631	28,658	246,186	716	5,140
Total	$ 589,436	$ 30,105	$ 28,631	$ 28,658	$ 246,186	$ 716	$ 255,140

6. Composition of certain balance sheet accounts at December 31

Components of Other Assets:	**2006**	**2005**
Deferred tax assets noncurrent	$ 203,452	$ 56,053
Other assets (primarily investments in joint ventures)	75,950	71,640
Capitalized financing fees	12,978	15,600
	$ 292,380	$ 143,293

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Components of Accrued and Other Current Liabilities:	**2006**	**2005**
Accrued and other current liabilities	$ 32,105	$ 31,685
Income taxes payable	34,679	13,671
Accrued bond interest	8,359	8,359
	$ 75,143	$ 53,715

Components of Accumulated Other Comprehensive Loss:	**2006**	**2005**
Unrealized loss on financial instruments, net of $58,452 and $49,776 tax benefit	$ (90,728)	$ (88,458)
Pension and other postretirement benefit plan liabilities, net of $48,864 tax benefit(1)	(75,844)	
Minimum pension liability adjustment, net of $1,665 tax benefit		(2,960)
	$ (166,572)	$ (91,418)

(1) This amount includes pension and other postretirement benefit liabilities of Century, as well as those of our interest in the joint ventures in Gramercy Alumina LLC and St. Ann Bauxite Ltd, and our interest in the Mt. Holly Aluminum Company. The pension and other postretirement benefit liabilities of our interest in the joint ventures in Gramercy Alumina LLC and St. Ann Bauxite Ltd, and our interest in the Mt. Holly Aluminum Company were $2,362, net of $1,522 tax benefit at December 31, 2006.

7. Pension and Other Postretirement Benefits

SFAS No. 158

We adopted SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R) in our 2006 financial statements. SFAS No. 158 requires us to record on our balance sheet previously unrecognized obligations of our pension and other postretirement plans as of December 31, 2006. The following table shows the adjustments that were recorded upon adoption of SFAS No. 158. Pension and other postretirement benefit liabilities of our joint ventures and our interest in the Mt. Holly Aluminum Company are not included in these tables.

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Incremental Effect of Applying SFAS No. 158 on certain line items in the Consolidated Balance Sheet:

	Before Application of SFAS No. 158	Adjustment for Additional Minimum Liability (AML)	Before SFAS No. 158 with AML Adjustment	SFAS No. 158 Adoption Adjustments	After Application of SFAS No. 158
Other assets(1)	$ 258,988	$ 1,631	$ 260,619	$ 31,761	$ 292,380
Total assets	2,153,473		2,153,473	31,761	2,185,234
Accrued employee benefit cost current	9,552		9,552	1,531	11,083
Total current liabilities	644,746		644,746	1,531	646,277
Accrued pension benefit costs noncurrent	10,456	4,163	14,619	4,620	19,239
Accrued postretirement benefit costs noncurrent	110,306		110,306	96,109	206,415
Total noncurrent liabilities	1,304,355	4,163	1,308,518	100,729	1,409,247
Accumulated other comprehensive income	(93,541)	(2,532)	(96,073)	(70,499)	(166,572)
Total shareholders equity	202,741	(2,532)	200,209	(70,499)	129,710

(1) The change in Other assets due to SFAS No. 158 adoption adjustments includes an increase in deferred tax assets of $46,161 and a decrease in pension assets of $14,400.

Pension Benefits

We maintain noncontributory defined benefit pension plans for all of our domestic hourly and salaried employees. For the domestic salaried employees, plan benefits are based primarily on years of service and average compensation during the later years of employment. For hourly employees at Ravenswood, plan benefits are based primarily on a formula that provides a specific benefit for each year of service. Our funding policy is to contribute annually an amount based upon actuarial and economic assumptions designed to achieve adequate funding of the projected benefit obligations and to meet the minimum funding requirements of ERISA. Plan assets consist principally of U.S. equity securities, growth funds and fixed income accounts. In addition, we provide supplemental executive retirement benefits (SERB) for certain executive officers. We use a measurement date of December 31st to determine the pension and OPEB benefit liabilities.

The hourly employees at Hawesville are part of a United Steelworkers of America (USWA) sponsored multi-employer plan. Our contributions to the plan are determined at a fixed rate per hour worked. During the years ended December 31, 2006, 2005 and 2004, we contributed $1,585, $1,531 and $1,454, respectively, to the plan, and had no outstanding liability at year end.

Other Postretirement Benefits (OPEB)

In addition to providing pension benefits, we provide certain healthcare and life insurance benefits for substantially all domestic retired employees. We account for these plans in accordance with SFAS No. 106,

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Employers Accounting for Postretirement Benefits Other Than Pensions. SFAS No. 106 requires companies to accrue the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. We fund these benefits as the retirees submit claims.

Obligations and Funded Status

The change in benefit obligations and change in plan assets as of December 31 are as follows:

	Pension		OPEB	
	2006	2005	2006	2005
Change in benefit obligation				
Benefit obligation at beginning of year	$ 91,208	$ 80,293	$ 178,450	$ 147,936
Service cost	3,710	4,015	6,140	5,032
Interest cost	5,190	4,676	10,394	8,878
Plan changes	1,093	1,893	(4,840)	
Losses	3,104	3,612	28,396	21,828
Benefits paid	(4,981)	(3,281)	(5,579)	(5,224)
Benefit obligation at end of year	$ 99,324	$ 91,208	$ 212,961	$ 178,450
Change in plan assets				
Fair value of plan assets at beginning of year	$ 77,742	$ 67,190	$	$
Actual return (loss) on plan assets	7,923	3,492		
Employer contributions	1,169	10,341	5,579	5,224
Benefits paid	(4,981)	(3,281)	(5,579)	(5,224)
Fair value of assets at end of year	$ 81,853	$ 77,742	$	$
Funded status of plans				
Funded status	$ (17,471)	$ (13,466)	$ (212,961)	$ (178,450)
Unrecognized actuarial loss	19,095	18,237	105,206	81,363
Unrecognized prior service cost (benefit)	4,089	3,540	(7,566)	(4,544)
Net asset (liability) recognized	$ 5,713	$ 8,311	$ (115,321)	$ (101,631)
Amounts Recognized in the Statement of Financial Position				
BEFORE ADOPTION OF SFAS NO. 158:				
Prepaid benefit cost	$ 17,402	$ 19,130	$	$
Accrued benefit liability	(12,413)	(11,543)	(115,321)	$ (101,631)
Accumulated other comprehensive loss	724	724		

Net amount recognized	$ 5,713	$ 8,311	$ (115,321)	$ (101,631)
AFTER ADOPTION OF SFAS NO. 158:				
Non-current assets	$ 3,002	$	$	$
Current liabilities	(1,234)		(6,546)	
Non-current liabilities	(19,239)		(206,415)	
Net amount recognized	$ (17,471)	$	$ (212,961)	$
Amounts Recognized in accumulated other comprehensive loss (pre-tax):				
Net unrecognized actuarial loss	$ 19,095	$	$ 105,206	$
Unrecognized prior service cost (benefit)	4,089		(7,566)	
	$ 23,184	$	$ 97,640	$

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Our pension plans projected benefit obligation, accumulated benefit obligation, and fair value of plan assets as of December 31 are as follows:

	Projected Benefit Obligation		Accumulated Benefit Obligation		Fair Value of Plan Assets	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Hourly pension plan	$ 47,780	$ 46,227	$ 47,334	$ 45,768	$ 50,782	$ 48,464
Salaried pension plan	35,692	32,140	30,348	26,609	31,071	29,278
Supplemental executive benefits pension plan (SERB)	15,852	12,841	15,852	11,544		

There are no plan assets in the SERB due to the nature of the plan.

Components of Net periodic benefit cost and other amounts recognized in other comprehensive income:

Net Periodic Benefit Cost:

	Year Ended December 31,					
	Pension			OPEB		
	2006	**2005**	**2004**	**2006**	**2005**	**2004**
Service cost	$ 3,710	$ 4,015	$ 3,369	$ 6,140	$ 5,032	$ 4,082
Interest cost	5,190	4,676	4,261	10,394	8,878	7,336
Expected return on plan assets	(6,800)	(5,899)	(4,750)			
Amortization of prior service costs	544	2,962	499	(1,818)	(879)	(337)
Amortization of net loss	1,144	634	668	4,555	3,715	1,830
Net periodic benefit cost	$ 3,788	$ 6,388	$ 4,047	$ 19,271	$ 16,746	$ 12,911

The estimated net unrecognized actuarial loss and unrecognized prior service cost (benefit) for our defined benefit pension plans expected to be amortized from accumulated other comprehensive income into net periodic benefit cost during 2007 are $905 and $727, respectively. The estimated net unrecognized actuarial loss and unrecognized prior service cost (benefit) for our OPEB plans expected to be amortized from accumulated other comprehensive income into net periodic benefit cost during 2007 is $5,751 and $(2,162), respectively.

Weighted average assumptions were used to determine benefit obligations at December 31:

	Pension Benefits	OPEB

	2006	2005	2006	2005
Discount rate	5.75%	5.50%	5.75%	5.50%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Measurement date	12/31/2006	12/31/2005	12/31/2006	12/31/2005

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Weighted average assumptions were used to determine net periodic benefit cost for the years ended December 31:

	Pension			OPEB		
	2006	**2005**	**2004**	**2006**	**2005**	**2004**
Measurement date	12/31/2005	12/31/2004	12/31/2003	12/31/2005	12/31/2004	12/31/2003
Fiscal year end	12/31/2006	12/31/2005	12/31/2004	12/31/2006	12/31/2005	12/31/2004
Discount rate	5.50%	5.75%	6.25%	5.50%	5.75%	6.25%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected return on plan assets	9.00%	9.00%	9.00%			

In developing the long-term rate of return assumption for pension fund assets, we evaluated input from our actuaries, including their review of asset class return expectations as well as long-term inflation assumptions. Projected returns are based on historical returns of broad equity and bond indices. We also considered our historical 10-year compound returns. We anticipate that our investments will generate long-term rates of return of 9.0%, based on target asset allocations discussed below.

Effect of Medicare Part D

Century s prescription drug programs are assumed to be actuarially equivalent and eligible for Medicare Part D subsidy as written into law on December 8, 2003. The approach used to measure this impact is based on our understanding of FASB Staff Position (FSP) 106-2 published May 19, 2004. The impact was recognized during 2004 on a prospective basis. The effect of the Medicare Part D subsidy reduced the accumulated projected benefit obligation as of December 31, 2006 by $24,403, a decrease of approximately 10.3%.

For measurement purposes, medical cost inflation is initially estimated to be 10%, declining to 5% over six years and thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligations. A one-percentage-point change in the assumed health care cost trend rates would have had the following effects in 2006:

	One Percent Increase	One Percent Decrease
Effect on total of service and interest cost components	$ 3,786	$ (2,808)
Effect on accumulated postretirement benefit obligation	$ 38,024	$ (30,417)

Century 401(k) Plans

We sponsor a tax-deferred savings plan under which eligible domestic employees may elect to contribute specified percentages of their compensation with Century. In 2006, 2005 and 2004, we provided matching contributions of 60% of the first 6% of a participant s annual compensation contributed to the savings plan. One half of our contribution is invested in the common stock of Century and the other half of our contribution is invested based on employee election. Our contributions to the savings plan were $558, $560, and $602 for the years ended December 31, 2006, 2005 and 2004, respectively. Shares of common stock of Century may be sold at any time. Employees are considered fully vested in the plan upon completion of two years of service. A year of service is defined as a plan year in which the employee works at least 1,000 hours.

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Plan Assets

Our pension plans weighted average asset allocations at December 31, 2006 and 2005, by asset category are as follows:

	Pension Plan Assets December 31, 2006	2005
Equity securities	66%	65%
Debt securities	34%	35%
	100%	100%

We seek a balanced return on plan assets through a diversified investment strategy. Our weighted average target allocation for plan assets is 65% equity securities and funds and 35% fixed income funds.

Our other postretirement benefit plans are unfunded. We fund these benefits as the retirees submit claims.

Pension and OPEB Cash Flows

Contributions

We expect to make approximately $1,200 in benefit payments for our unfunded SERB plan for 2007. While no mandatory pension plan contributions are required at this time, we may decide to make a voluntary contribution to the plans during the year. We expect to provide approximately $6,500 for benefit payments for our other postretirement benefit plans for the year ending December 31, 2007.

Estimated Future Benefit Payments

The following table provides the estimated future benefit payments for the pension and other postretirement benefit plans.

	Pension Benefits	OPEB Benefits
2007	$ 5,501	$ 6,546
2008	5,710	7,400
2009	5,965	8,429
2010	6,096	9,550

2011	6,223	10,509
2012 2016	33,718	60,649

8. Shareholders Equity

Preferred Stock Under our Restated Certificate of Incorporation, the Board of Directors is authorized to issue up to 5,000,000 shares of preferred stock, with a par value of one cent per share, in one or more series. The authorized, but unissued preferred shares may be issued with such dividend rates, conversion privileges, voting rights, redemption prices and liquidation preferences as the Board of Directors may determine, without action by shareholders. At December 31, 2006 and 2005, we had no outstanding Preferred Stock.

Common Stock Under our Restated Certificate of Incorporation, the Board of Directors is authorized to issue up to 100 million shares of common stock.

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Stock Based Compensation

1996 Stock Incentive Plan We award performance-based and service-based (time vested) stock awards and grant qualified incentive and nonqualified stock options to our salaried officers, non-employee directors, and other key employees from our 1996 Stock Incentive Plan (the Stock Incentive Plan). The Stock Incentive Plan has 5,000,000 shares authorized for issuance with approximately 2,700,000 shares remaining in reserve at December 31, 2006. Granted stock options have a term of 10 years and typically vest one-third on the grant date and additional one-third on the first and second anniversary dates of the grant. Our non-employee director s annual option grants vest one-fourth each calendar quarter. In addition to the stock options, we grant service-based stock awards that typically vest over a period of three years from the date of grant provided that the recipient is still our employee at the time of vesting.

As of December 31, 2006, options to purchase 385,703 shares of common stock were outstanding and approximately 91,500 service-based stock awards have been authorized and will vest if the employee recipients are employed for the requisite service periods.

The Stock Incentive Plan provides for grants of performance share units upon the attainment of certain established performance goals. The performance share units represent the right to receive common stock, on a one-for-one basis on their vesting dates. As of December 31, 2006, approximately 230,000 performance share units have been authorized and will vest upon the attainment of the performance goals.

Non-Employee Directors Stock Option Plan Our non-employee directors stock option plan is no longer an active plan. As of December 31, 2006, this plan has 37,834 outstanding options, but no new options will be issued out of this plan.

A summary of the changes in options outstanding under our Stock Incentive Plan and the Non-Employee Directors Stock Option Plan during the year ended December 31, 2006 is presented below:

Options	**Number**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (Years)**	**Aggregate Intrinsic Value**
Outstanding at January 1, 2006	453,661	$ 20.93		
Granted	156,500	39.78		
Exercised	(185,957)	18.54		
Forfeited	(667)	24.32		
	423,537	$ 28.94	8.7	$ 6,726

Outstanding and expected to vest at December 31, 2006(1)						
Fully vested and exercisable at December 31, 2006	222,666	$	26.04	8.1	$	4,173

(1) We expect all of our outstanding options to vest as our forfeitures are immaterial.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Service-Based Share Awards(1)	**Number**
Outstanding at January 1, 2006	59,000
Granted	39,500
Vested (Awarded)	(4,500)
Forfeited	(2,500)
Outstanding at December 31, 2006	91,500

(1) All of our service-based stock awards require the recipients to remain an employee for a certain period of time before the award vests. Recipients receive common stock upon vesting.

Non-Vested Options:	**Number**	**Weighted Average Fair Value**
Non-vested options at January 1, 2006	205,430	$ 14.59
Granted	111,336	24.02
Vested	(115,228)	15.37
Forfeited	(667)	14.48
Non-vested options at December 31, 2006	200,871	$ 19.37

	Year Ended December 31,		
	2006	**2005**	**2004**
Weighted average per share fair value of:			
Stock options grants	$ 24.38	$ 14.96	$ 14.12
Service-based share awards	36.12	24.15	23.15
Total intrinsic value of option exercises	$ 3,632	1,329	5,382
Share-based liabilities paid(1)	5,208	3,499	2,880
Total fair value of shares vested during the period	1,771	1,255	816

(1) Share based liabilities paid represent the fair value of shares issued on the vesting date to certain key employees under our performance share program.

Option Pricing Model We estimate the fair value of each option and service-based share award using the Black-Scholes option-pricing model on the date of grant. We used the following assumptions to estimate the fair value of our share awards for 2006 and 2005.

	2006	2005
Risk-free interest rate	4.30-4.99%	3.98-4.36%
Expected dividend yield	$ 0.00	$ 0.00
Expected volatility	60%	67%
Expected forfeiture rate	5%	
Expected term (years)	5.2	5.5

We estimated the expected term of the options using the method specified in the Securities and Exchange Commission s Staff Accounting Bulletin No. 107. The risk-free interest rate is based on the yield on the measurement date for zero-coupon U.S. Treasury bonds with terms similar to the expected life of the option. The dividend yield is zero, based on our current expectation to not pay dividends on our common stock for the foreseeable future. Expected volatility is estimated using the historical volatility of the price of our

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

common stock over the expected term of the options. The expected forfeiture rate is based on our historical forfeiture rate after 1999.

The following table summarizes the compensation cost recognized for the year ended December 31, 2006, 2005 and 2004, respectively, for all options, service-based share and performance-based share awards. No share-based compensation cost was capitalized during these periods and there were no significant modifications of any share-based awards in 2006, 2005, or 2004.

	Year Ended December 31,		
	2006	**2005**	**2004**
Compensation expense reported:			
Stock option grants	$ 4,358	$	$
Service-based stock awards	1,224		
Performance-based stock grants	3,947	4,437	2,761
Total compensation expense before income tax	9,529	4,437	2,761
Income tax benefit	(3,516)	(1,597)	(994)
Total compensation expense, net of income tax benefit	$ 6,013	$ 2,840	$ 1,767

As of December 31, 2006, we had unrecognized compensation expense of $3,749 before taxes, related to non-vested stock options and service-based stock awards. This expense will be recognized over a weighted average period of 1.1 years. The unrecognized compensation expense is expected to be recognized over the following periods:

	2007	**2008**	**2009**
Stock-based compensation expense (pre-tax)	$ 2,607	$ 1,086	$ 56

During the year ended December 31, 2006, we received $3,453 from employees for the exercise of stock options. For the year ended December 31, 2006, we recorded a tax benefit of $1,394 related to these stock option exercises.

It has been our policy to issue new shares to satisfy the requirements of our stock-based compensation plans. We do not expect to repurchase shares in the future to support our stock-based compensation plans.

10. Earnings (Loss) Per Share

Basic earnings per common share (EPS) amounts are computed by dividing earnings after the deduction of preferred stock dividends by the average number of common shares outstanding. The cumulative preferred stock dividends accumulated for the period were deducted from net income, as if declared, for the purpose of calculating EPS. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

common shares outstanding. The following table provides a reconciliation of the computation of the basic and diluted earnings (loss) per share for income (loss) (shares in thousands):

	For the Fiscal Year Ended December 31,								
	2006			2005			2004		
	Income	Shares	Per Share	Income	Shares	Per Share	Income	Shares	Per Share
Net income (loss)	$ (40,955)			$ (116,255)			$ 33,482		
Less: Preferred stock dividends							(769)		
Basic EPS:									
Net income (loss) applicable to common shareholders	(40,955)	32,395	$ (1.26)	(116,255)	32,136	$ (3.62)	32,713	28,668	$ 1.14
Effect of Dilutive Securities:									
Incremental Shares from assumed conversion of stock options								107	
Diluted EPS:									
Net income (loss) applicable to common shareholders with assumed conversion	$ (40,955)	32,395	$ (1.26)	$ (116,255)	32,136	$ (3.62)	$ 32,713	28,775	$ 1.14

For the period ended December 31, 2006, 423,537 options to purchase common stock and 91,500 service-based share awards were outstanding, but were excluded from the calculation of diluted earnings per share because of the antidilutive effect. Based on the average price for our common stock for the year ended December 31, 2006, we would have issued approximately 1,091,000 shares upon an assumed conversion of our convertible debt. These shares were also excluded from the calculation of diluted earnings per share because of the antidilutive effect.

For the period ended December 31, 2005, 453,661 options to purchase common stock and 59,000 service-based share awards were outstanding, but were excluded from the calculation of diluted earnings per share because of the antidilutive effect. For the period ended December 31, 2004, 2,500 options to purchase common stock were excluded from the calculation of diluted earnings per share because of the antidilutive effect.

In 2005 and 2004, we assumed no conversion of our outstanding 1.75% convertible senior notes in calculating dilutive EPS because the conversion price had not been met.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Income Taxes

Significant components of the income tax expense consist of the following:

	Year Ended December 31, 2006	2005	2004
Current:			
U.S. federal current expense (benefit)	$ 62,279	$ 18,136	$ 6,378
State current expense (benefit)	11,840	2,727	
Foreign current expense (benefit)	182		
Total current expense (benefit)	74,301	$ 20,863	$ 6,378
Deferred:			
U.S. federal deferred expense (benefit)	(135,760)	(100,069)	8,748
State deferred benefit expense (benefit)	(27,165)	8,857	986
Foreign deferred expense (benefit)	36,583	(10,348)	2,084
Total deferred tax benefit expense (benefit)	(126,342)	(101,560)	11,818
Total income tax benefit expense (benefit)	$ (52,041)	$ (80,697)	$ 18,196

A reconciliation of the statutory U.S. Federal income tax rate to the effective income tax rate on income (loss) before cumulative effect of a change in accounting principle is as follows:

	2006	2005	2004
Federal statutory rate	35.0%	35.0%	35.0%
Effect of:			
Permanent differences	(0.8)		
State taxes, net of Federal benefit	6.1	4.0	1.0
Foreign earnings taxed at rates different than the U.S.	10.8	2.0	
Equity earnings in joint ventures	(3.4)	(2.0)	
	47.7%	39.0%	36.0%

Permanent differences primarily relate to domestic production deduction, nondeductible executive compensation, meal and entertainment disallowance and other nondeductible expenses.

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Significant components of our deferred tax assets and liabilities as of December 31 are as follows:

	2006	2005
Deferred tax assets:		
Accrued postretirement benefit cost	$ 38,549	$ 32,393
Accrued liabilities	8,536	9,359
Pension		2,998
Share-based compensation	2,159	
Derivative and hedging contracts	252,760	114,939
Equity contra other comprehensive loss	107,316	51,442
Other	675	6,404
Total deferred tax assets	$ 409,995	$ 217,535
Deferred tax liabilities:		
Tax over financial statement depreciation	$ (76,810)	$ (109,545)
Pension	(1,955)	
Income from domestic partnership	(12,636)	(12,107)
Unrepatriated foreign earnings	(12,032)	(8,449)
Foreign basis differences	(41,587)	(10,566)
Total deferred tax liabilities	$ (145,020)	$ (140,667)
Net deferred tax asset	$ 264,975	$ 76,868

The net deferred tax asset of $264,975 at December 31, 2006, is net of a non-current deferred foreign income tax liability of $41,587 and includes $103,110 of current deferred tax assets and $203,452 of non-current deferred tax assets. The net deferred tax asset of $76,868 at December 31, 2005, is net of a non-current deferred foreign income tax liability of $16,890 and includes $37,705 of current deferred tax assets and $56,053 of non-current deferred tax assets.

At December 31, 2006, we had net operating loss carryforwards of $4,500 which begin to expire in 2008.

We have not recorded deferred income taxes applicable to unrepatriated foreign earnings that are permanently reinvested outside the United States. If Nordural s earnings were not permanently reinvested, an additional deferred tax liability of $13,613 would have been reported at December 31, 2006.

12. Contingencies and Commitments

Environmental Contingencies

We believe our current environmental liabilities do not have, and are not likely to have, a material adverse effect on our financial condition, results of operations or liquidity. However, there can be no assurance that future requirements or conditions at currently or formerly owned or operated properties will not result in liabilities which may have a material adverse effect.

Century Aluminum of West Virginia, Inc. (CAWV) continues to perform remedial measures at our Ravenswood, West Virginia facility (Ravenswood) pursuant to an order issued by the Environmental Protection Agency (EPA) in 1994 (the 3008(h) Order). CAWV also conducted a RCRA facility investigation (RFI) under the 3008(h) Order evaluating other areas at Ravenswood that may have contamination requiring remediation. The RFI has been approved by appropriate agencies. CAWV has completed interim remediation measures at two sites identified in the RFI, and we believe no further remediation will be required. A Corrective Measures Study, which will formally document the conclusion of these activities, is

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

being completed with the EPA. We believe a significant portion of the contamination on the two sites identified in the RFI is attributable to the operations of third parties and is their financial responsibility.

Prior to our purchase of Hawesville, the EPA issued a final Record of Decision (ROD) under the Comprehensive Environmental Response, Compensation and Liability Act. By agreement, Southwire is to perform all obligations under the ROD. Century Aluminum of Kentucky, LLC (Century Kentucky) has agreed to operate and maintain the ground water treatment system required under the ROD on behalf of Southwire, and Southwire will reimburse Century Kentucky for any expense that exceeds $400 annually.

Century is a party to an EPA Administrative Order on Consent (the Order) pursuant to which other past and present owners of an alumina refining facility at St. Croix, Virgin Islands have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. Lockheed Martin Corporation (Lockheed), which sold the facility to one of our affiliates, Virgin Islands Alumina Corporation (Vialco), in 1989, has tendered indemnity and defense of this matter to Vialco pursuant to the terms of the Lockheed Vialco Asset Purchase Agreement. Management does not believe Vialco s liability under the Order or its indemnity to Lockheed will require material payments. Through December 31, 2006, we have expended approximately $708 on the Recovery Plan. Although there is no limit on the obligation to make indemnification payments, we expect the future potential payments under this indemnification to comply with the Order will be approximately $500, which may be offset in part by sales of recoverable hydrocarbons.

In May 2005, Century and Vialco were among the defendants listed in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources, in his capacity as Trustee for Natural Resources of the United States Virgin Islands. The complaint alleges damages to natural resources caused by alleged releases from the alumina refinery facility at St. Croix and the adjacent petroleum refinery. Lockheed has tendered indemnity and defense of the case to Vialco pursuant to terms of the Lockheed-Vialco Asset Purchase Agreement. The complaint seeks unspecified monetary damages, costs and attorney fees. Vialco and the other defendants have filed separate motions to dismiss asserting certain affirmative defenses including the statute of limitations. No ruling on those motions has been rendered as of this date.

In July 2006, Century was named as a defendant together with certain affiliates of Alcan Inc. in a lawsuit brought by ALCOA Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California which we purchased from ALCOA Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC (formerly Pechiney Rolled Products, LLC) in July 1999. The complaint also seeks costs and attorney fees.

In December, 2006, Vialco and the company that purchased the assets of Vialco in St. Croix in 1995 were named as defendants in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources. The complaint alleges the defendants failed to take certain actions specified in a Coastal Zone management permit issued to Vialco in October, 1994, and seeks statutory and other unspecified monetary penalties for the alleged violations. Vialco recently filed its answer to the complaint asserting factual and affirmative defenses.

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were $605 and $532 at December 31, 2006 and December 31, 2005, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries. With respect to cost for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred.

Because of the issues and uncertainties described above, and our inability to predict the requirements of future environmental laws, there can be no assurance that future capital expenditures and costs for

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

environmental compliance will not have a material adverse effect on our future financial condition, results of operations, or liquidity. Based upon all available information, management does not believe that the outcome of these environmental matters will have a material adverse effect on our financial condition, results of operations, or liquidity.

Legal Contingencies

We have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental, safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes their ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity.

Power Commitments

Hawesville currently purchases substantially all of its power from Kenergy Corp. (Kenergy), a local retail electric cooperative, under a power supply contract that expires at the end of 2010. Approximately 73% of this power is at fixed prices. Kenergy acquires most of the power it provides to Hawesville from a subsidiary of LG&E Energy Corporation (LG&E), with delivery guaranteed by LG&E. For 2007, all but three percent (approximately 14 MW) of our power requirements at Hawesville are priced. Hawesville s unpriced power requirements increase to 27% (126 MW) of its total power requirements in calendar years 2008 through 2010. Appalachian Power Company supplies all of Ravenswood s power requirements. After December 31, 2007, CAWV may terminate the agreement by providing 12 months notice of termination. Power delivered under the supply agreement is as set forth in published tariffs. Effective July 28, 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels.

The Mt. Holly facility (Mt. Holly) purchases all of its power from the South Carolina Public Service Authority at rates established by published schedules. Mt. Holly s current power contract expires December 31, 2015. Power delivered through 2010 will be priced as set forth in currently published schedules, subject to adjustments for fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

The Nordural facility purchases power from Landsvirkjun, a power company owned by the Republic of Iceland, Hitaveita Suðurnesja hf. (HS) and Orkuveita Reykjavíkur (OR) under long-term contracts due to expire in 2019 and 2026 2028, respectively. The power delivered to Nordural is priced at a rate based on the LME price for primary aluminum and is from hydroelectric and geothermal sources.

In April 2006, we announced an expansion of the Nordural facility from 220,000 metric tons per year (mtpy) to 260,000 mtpy (Phase V expansion) which is expected to be completed in the fourth quarter of 2007. OR has agreed to deliver the power for the additional expansion capacity by late 2008. Landsvirkjun has agreed to deliver power for the additional capacity on an interim basis until power is available from OR in late 2008.

In June 2006, Nordural signed a memorandum of understanding (MOU) to purchase power from HS and OR for a planned primary aluminum reduction facility in Helguvik, Iceland. Under the agreement, power will be supplied to the planned Helguvik facility in stages, beginning with an initial phase of up to 250 MW, which will support production capacity of up to 150,000 mtpy. HS will provide up to 150 MW in this initial stage, and OR will supply up to

100 MW. Electricity delivery for this first phase is targeted for 2010. The MOU provides for a total of 435 MW, which will ultimately provide power for a 250,000 mtpy facility. The

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

agreement is subject to the satisfaction of certain conditions related to the construction of the Helguvik facility.

Labor Commitments

Approximately 81% of our U.S. based work force is represented by the United Steelworkers of America (the USWA). In May 2006, our Hawesville, Kentucky plant employees represented by the USWA ratified a four-year collective bargaining agreement that will extend through April 1, 2010. The agreement covers approximately 600 hourly workers at the Hawesville plant.

On August 4, 2006, the membership of United Steelworkers Local 5668 voted to ratify a three-year labor agreement covering approximately 580 hourly workers at the Ravenswood facility that will extend through May 31, 2009.

Approximately 90% of Nordural s work force is represented by five labor unions under an agreement that expires on December 31, 2009.

Other Commitments and Contingencies

Our income tax returns are periodically examined by various tax authorities. We are currently under audit by the Internal Revenue Service (IRS) for the tax years through 2002. In connection with such examinations, the IRS has raised issues and proposed tax deficiencies. We are reviewing the issues raised by the IRS and have filed an administrative appeal with the IRS, contesting the proposed tax deficiencies. We believe our tax position is well supported and, based on current information, we do not believe that the outcome of the tax audit will have a material impact on our financial condition or results of operations.

At December 31, 2006 and December 31, 2005, we had outstanding capital commitments related to the completion of Nordural s expansion to 220,000mtpy capacity (Phase III/IV expansion) and the Phase V expansion projects of approximately $67,732 and $89,910, respectively. Our cost commitments for the Nordural expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the Icelandic krona and the Euro.

In May 2006, we purchased foreign currency options with a notional value of $41,627 to hedge a portion of our foreign currency risk from our exposure to the Icelandic krona associated with capital expenditures from the ongoing 40,000 mtpy expansion to 260,000 mtpy at Nordural. The option contracts, which are designated as cash flow hedges and qualify for hedge accounting under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133) have maturities through November 2007. The critical terms of the contracts match those of the underlying exposure.

As of December 31, 2006, the fair value of the options of $2,123 is recorded in other assets. Included in accumulated other comprehensive income is an after-tax unrealized gain of $317.

13. Forward Delivery Contracts and Financial Instruments

As a producer of primary aluminum products, we are exposed to fluctuating raw material and primary aluminum prices. We routinely enter into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods.

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Primary Aluminum Sales Contracts

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Variable, based on U.S. Midwest market
Glencore Metal Agreement I(1)	Glencore	50,000 mtpy	Through December 31, 2009	Variable, LME-based
Glencore Metal Agreement II(2)	Glencore	20,400 mtpy	Through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement	Southwire	240 million pounds per year (high purity molten aluminum) (3)	Through March 31, 2011	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010	Variable, based on U.S. Midwest market
		48 million pounds per year (standard-grade molten aluminum)	Through December 31, 2007	Variable, based on U.S. Midwest market

(1) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as normal because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(2) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

(3) The Southwire Metal Agreement will automatically renew for additional five-year terms, unless either party provides 12 months notice that it has elected not to renew.

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement(1)(4)	BHP Billiton	130,000 mtpy	Through December 2013	LME-based

Glencore Tolling Agreement(2)(3)(4)	Glencore	90,000 mtpy	Through June 2016	LME-based

(1) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 metric tons to 130,000 metric tons of the annual production capacity at Nordural effective upon the completion of the Phase III/IV expansion to 220,000 mtpy.

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 metric tons of the expansion capacity at Nordural. Deliveries under this agreement started in July 2006.

(3) In December 2005, Glencore assigned to Hydro 50% of its tolling rights under this agreement for the period 2007 to 2010. Nordural consented to the assignment.

(4) Nordural s tolling revenues include a premium based on the European Union (EU) import duty for primary aluminum. The European Commission has considered and is currently considering various proposals that would phase-out this import duty. While the import duty remains intact to date, any decrease in the EU import duty will negatively impact Nordural s revenue.

Apart from the Alcan Metal Agreement, Glencore Metal Agreement I, Glencore Metal Agreement II and Southwire Metal Agreements, we had forward delivery contracts to sell 132,726 metric tons and 107,546 metric tons of primary aluminum at December 31, 2006 and December 31, 2005, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 2,538 metric tons and 4,643 metric tons of primary aluminum at December 31, 2006 and December 31, 2005, respectively, of which none were with Glencore at December 31, 2006 and 186 metric tons were with Glencore at December 31, 2005.

Financial Sales Agreements

To mitigate the volatility in our unpriced forward delivery contracts, we enter into fixed price financial sales contracts, which settle in cash in the period corresponding to the intended delivery dates of the forward delivery contracts. Certain of these fixed price financial sales contracts are accounted for as cash flow hedges depending on our designation of each contract at its inception. Glencore is the counterparty for all of the contracts summarized below:

Primary Aluminum Financial Sales Contracts as of:

	December 31, 2006			December 31, 2005		
	Cash Flow Hedges	Derivatives	Total	Cash Flow Hedges	Derivatives	Total
			(Metric tons)			
2006				142,750	51,000	193,750
2007	119,500	50,400	169,900	119,500	50,400	169,900
2008	9,000	100,200	109,200	9,000	100,200	109,200
2009		105,000	105,000		105,000	105,000
2010		105,000	105,000		105,000	105,000
2011		75,000	75,000		75,000	75,000
2012-2015		300,000	300,000		300,000	300,000
Total	128,500	735,600	864,100	271,250	786,600	1,057,850

Substantially all of the contracts accounted for as derivatives contain clauses that trigger additional shipment volume when the market price for a contract month is above the contract ceiling price. If the market price exceeds the ceiling price for all contract months through 2015, the maximum additional shipment volume would be 735,600 metric tons. These contracts will be settled monthly. We had no fixed price financial contracts to purchase aluminum at December 31, 2006 or December 31, 2005.

Additionally, to mitigate the volatility of the natural gas markets, we enter into financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Natural Gas Financial Purchase Contracts as of:

	December 31, 2006	December 31, 2005
	(Thousands of DTH)	
2006		1,680
2007	2,200	780
2008	480	480
Total	2,680	2,940

Based on the fair value of our financial sales contracts for primary aluminum and financial purchase contracts for natural gas that qualify as cash flow hedges as of December 31, 2006, an accumulated other comprehensive loss (related to these contracts) of $83,786 is expected to be reclassified as a reduction to earnings over the next 12 month period.

We are party to fixed price financial sales contracts for primary aluminum with Glencore. In the event of a material adverse change in our creditworthiness, Glencore has the option to require a letter of credit, or any other acceptable security or collateral for outstanding balances on these contracts.

The forward financial sales and purchase contracts are subject to the risk of counterparty credit risk. However, we only enter into forward financial contracts with counterparties we determine to be creditworthy. If any counterparty failed to perform according to the terms of the contract, the accounting impact would be limited to the difference between the contract price and the market price applied to the contract volume on the date of settlement.

14. Asset Retirement Obligations

Our asset retirement obligations consist primarily of costs associated with the disposal of spent pot liner used in the reduction cells of our facilities.

We adopted FIN No. 47, Accounting for Conditional Asset Retirement Obligations in 2005, and recorded an adjustment to our asset retirement obligations, the effect of which was not material.

The reconciliation of the changes in the asset retirement obligations is presented below:

	Year Ended December 31, 2006	Year Ended December 31, 2005

Beginning balance, ARO liability	$ 11,808	$ 17,232
Additional ARO liability incurred	2,302	1,849
ARO liabilities settled	(2,236)	(3,330)
Accretion expense	990	1,370
FIN 47 adoption		(5,313)
Ending balance, ARO liability	$ 12,864	$ 11,808

15. Related Party Transactions

The significant related party transactions occurring during the years ended December 31, 2006, 2005, and 2004, are described below.

The Chairman of the Board of Directors of Century is a member of the Board of Directors of Glencore International AG. One of Century s Board members is the Chairman of the Board of Directors of Glencore International AG and Xstrata AG.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We enter into forward financial sales and hedging contracts with Glencore to help manage exposure to fluctuating primary aluminum prices. Management believes that all of our forward financial sales and hedge contracts with Glencore approximated market at the time of placing the contracts.

In August 2006, Falconbridge Limited, our indirect partner in the Gramercy Alumina and St. Ann Bauxite joint venture, was acquired by Xstrata PLC. Glencore, our largest shareholder, is a major shareholder in Xstrata.

Century of West Virginia has purchased alumina, and purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Berkeley has purchased alumina, and purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Century of Kentucky has purchased and sold primary aluminum in transactions with Glencore at prices which management believes approximated market.

Century of Kentucky has purchased alumina in transactions with Gramercy at cost.

Summary

A summary of the aforementioned related party transactions for the years ended December 31, 2006, 2005 and 2004 is as follows:

	Year Ended December 31,		
	2006	**2005**	**2004**
Net sales to Glencore	$ 259,531	$ 171,027	$ 163,209
Purchases from Glencore	185,462	129,757	131,427
Realized loss on financial sales contracts that do not qualify for cash flow hedge accounting	54,236		
Gramercy alumina purchases	134,178	138,022	26,680

See Note 13 for a discussion of our fixed-price commitments, forward financial contracts, and contract settlements with related parties.

16. Supplemental Cash Flow Information

	Year Ended December 31,		
	2006	**2005**	**2004**
Cash paid for:			

Interest	$ 42,607	$ 30,358	$ 37,587
Income taxes	58,476	15,449	248
Cash received from:			
Interest	1,331	1,388	1,088
Income tax refunds	587		80
Non-cash investing activities:			
Accrued Nordural expansion costs	$ (6,679)	$ 6,170	$ 5,591

Non-Cash Activities

In 2006, 2005, and 2004, we issued shares of common stock to certain key employees as part of our performance share program. We issued shares to satisfy performance share liabilities of $2,867, $1,965, and $1,630 during the years 2006, 2005 and 2004, respectively. In May 2004, Glencore exercised its option to

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

convert its shares of cumulative convertible preferred stock. We issued shares of common stock in exchange for Glencore s $25,000 of preferred stock.

During the years ended December 31, 2006, 2005, and 2004, we capitalized interest costs incurred in the construction of equipment of $8,861, $8,711, and $668, respectively.

17. Business Segments

We operate in one reportable business segment, primary aluminum.

A reconciliation of our consolidated assets to the total of primary aluminum segment assets is provided below.

Segment Assets(1)	**2006**	**2005**	**2004**
Primary	$ 2,159,429	$ 1,648,351	$ 1,307,168
Corporate, Unallocated	25,805	29,080	25,385
Total Assets	$ 2,185,234	$ 1,677,431	$ 1,332,553

(1) Segment assets include accounts receivable, due from affiliates, inventory, intangible assets, and property, plant and equipment-net; the remaining assets are unallocated corporate assets, and deferred tax assets.

Geographic information

Included in the consolidated financial statements are the following amounts related to geographic locations:

	2006	**2005**	**2004**
Net Sales:			
United States	$ 1,245,167	$ 992,442	$ 974,481
Other	313,399	139,920	86,266
Long-lived assets:			
United States	$ 569,124	$ 604,411	$ 615,618
Other	895,020	722,474	431,161

Major Customer information

In 2006 and 2005, we had four major customers whose sales revenue exceeded 10% of our net sales. In 2004, we had three major customers whose sales revenue exceeded 10% of our net sales. The revenue and percentage of net sales for these customers are as follows:

	Year Ended December 31,					
	2006		2005		2004	
	$	%	$	%	$	%
Southwire	420,100	27.0	294,468	26.0	258,320	24.4
Alcan	400,908	25.7	356,347	31.5	301,033	28.4
Glencore	259,531	16.7	171,027	15.1	163,209	15.4
BHP Billiton	229,524	14.7	137,736	12.2		

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Quarterly Information (Unaudited)

Financial results by quarter for the years ended December 31, 2006 and 2005 are as follows:

	Net Sales	Gross Profit	Net Income (Loss)	Net Income (Loss) per Share
2006				
4th Quarter(1)	$ 424,367	$ 93,076	$ (119,123)	$ (3.67)
3rd Quarter(2)	381,277	70,974	173,939	5.36
2nd Quarter(3)	405,976	108,004	45,800	1.41
1st Quarter(4)	346,946	76,468	(141,571)	(4.39)
2005				
4th Quarter(5)	$ 292,874	$ 34,704	$ (148,658)	$ (4.62)
3rd Quarter(6)	270,836	30,058	(20,071)	(0.62)
2nd Quarter	283,256	45,348	40,744	1.27
1st Quarter	285,396	51,567	11,730	0.37

(1) The fourth quarter of 2006 net income includes a charge of $174,250, net of tax, for loss on forward contracts offset by a gain on the sale of surplus land.

(2) The third quarter of 2006 net income includes a gain of $134,572, net of tax, for gain on forward contracts.

(3) The second quarter of 2006 net income includes a charge of $19,492, net of tax, for loss on forward contracts.

(4) The first quarter of 2006 net income includes a charge of $183,526, net of tax, for loss on forward contracts.

(5) The fourth quarter of 2005 net income includes a charge of $164,620, net of tax, for loss on forward contracts.

(6) The third quarter of 2005 net income includes a charge of $34,228, net of tax, for loss on forward contracts.

19. Condensed Consolidating Financial Information

Our 7.5% Senior Notes due 2014 and 1.75% Convertible Senior Notes due 2024 are guaranteed by each of our material existing and future domestic subsidiaries, except for Nordural US LLC. These notes are not guaranteed by our foreign subsidiaries (such subsidiaries and Nordural US LLC, collectively the Non-Guarantor Subsidiaries). During the second quarter of 2005, Century Aluminum of Kentucky, LLC (the LLC) became a guarantor subsidiary. In the periods presented prior to 2005, the LLC was classified with the Non-Guarantor Subsidiaries. We allocate corporate expenses or income to our subsidiaries. For the years ended December 31, 2006, 2005, and 2004 we allocated total corporate expenses of $6,460, $2,211, and $1,452 to our subsidiaries, respectively. Additionally, we charge interest on certain intercompany balances.

CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following summarized condensed consolidating balance sheets as of December 31, 2006 and December 31, 2005, condensed consolidating statements of operations for the years ended December 31, 2006, December 31, 2005 and December 31, 2004 and the condensed consolidating statements of cash flows for the years ended December 31, 2006, December 31, 2005 and December 31, 2004 present separate results for Century, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries, consolidating adjustments and total consolidated amounts.

This summarized condensed consolidating financial information may not necessarily be indicative of the results of operations or financial position had Century, the Guarantor Subsidiaries or the Non-Guarantor Subsidiaries operated as independent entities.

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$	$ 11,866	$ 84,499	$	$ 96,365
Restricted cash	2,011				2,011
Accounts receivable net	98,690	14,681			113,371
Due from affiliates	55,853	6,779	752,954	(778,044)	37,542
Inventories	112,975	32,604		(169)	145,410
Prepaid and other assets	4,603	12,981	2,246		19,830
Deferred taxes current portion	66,530		11,007	25,573	103,110
Total current assets	340,662	78,911	850,706	(752,640)	517,639
Investment in subsidiaries	22,229		20,967	(43,196)	
Property, plant and equipment net	436,980	780,879	918		1,218,777
Intangible asset net	61,594				61,594
Goodwill		94,844			94,844
Other assets	41,599	19,297	368,913	(137,429)	292,380
Total assets	$ 903,064	$ 973,931	$ 1,241,504	$ (933,265)	$ 2,185,234
Liabilities and shareholders equity:					
Accounts payable trade	$ 34,993	$ 29,804	$ 52	$	$ 64,849
Due to affiliates	381,853	56,665	73,734	(229,970)	282,282
Industrial revenue bonds	7,815				7,815
Long term debt current portion		30,105			30,105
Accrued and other current liabilities	21,381	4,522	49,240		75,143
Accrued employee benefits costs current portion	9,803		1,280		11,083
Convertible senior notes			175,000		175,000
Total current liabilities	455,845	121,096	299,306	(229,970)	646,277
			250,000		250,000

Senior unsecured notes payable					
Nordural debt		309,331			309,331
Accrued pension benefit costs less current portion	3,624		15,615		19,239
Accrued postretirement benefit costs less current portion	205,092		1,323		206,415
Other liabilities/intercompany loan	215,839	353,997		(542,025)	27,811
Due to affiliates less current portion	9,314		545,550		554,864
Deferred taxes	143,421	16,240		(118,074)	41,587
Total noncurrent liabilities	577,290	679,568	812,488	(660,099)	1,409,247
Shareholders equity:					
Common stock	60	12	325	(72)	325
Additional paid-in capital	259,248	85,190	432,270	(344,438)	432,270
Accumulated other comprehensive income (loss)	(172,685)	2,791	(166,572)	169,894	(166,572)
Retained earnings (accumulated deficit)	(216,694)	85,274	(136,313)	131,420	(136,313)
Total shareholders equity	(130,071)	173,267	129,710	(43,196)	129,710
Total liabilities and shareholders equity	$ 903,064	$ 973,931	$ 1,241,504	$ (933,265)	$ 2,185,234

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$	$ 19,005	$ (1,253)	$	$ 17,752
Restricted cash	2,028				2,028
Accounts receivable net	73,540	9,476			83,016
Due from affiliates	60,246		703,995	(745,603)	18,638
Inventories	96,347	15,372		(283)	111,436
Prepaid and other assets	7,693	8,627	7,598		23,918
Deferred taxes current portion	46,339			(8,634)	37,705
Total current assets	286,193	52,480	710,340	(754,520)	294,493
Investment in subsidiaries	15,205		146,166	(161,371)	
Property, plant and equipment net	458,618	613,368	308	(2,136)	1,070,158
Intangible asset net	74,643				74,643
Goodwill		94,844			94,844
Other assets	54,049	8,951	156,242	(75,949)	143,293
Total assets	$ 888,708	$ 769,643	$ 1,013,056	$ (993,976)	$ 1,677,431
Liabilities and shareholders equity:					
Accounts payable trade	$ 36,670	$ 25,249	$	$	$ 61,919
Due to affiliates	138,615	52,208	15,485	(47,626)	158,682
Industrial revenue bonds	7,815				7,815
Long term debt current portion		581			581
Accrued and other current liabilities	19,994	3,357	31,514	(1,150)	53,715
Accrued employee benefits costs current portion	8,139		1,194		9,333
Deferred tax liability current			8,634	(8,634)	
Convertible senior notes			175,000		175,000
Total current liabilities	211,233	81,395	231,827	(57,410)	467,045
Senior unsecured notes payable			250,000		250,000

Nordural debt		230,436			230,436
Revolving credit facility			8,069		8,069
Accrued pension benefit costs less current portion			10,350		10,350
Accrued postretirement benefit costs less current portion	95,731		929		96,660
Other liabilities/intercompany loan	397,778	327,073		(696,841)	28,010
Due to affiliates less current portion	58,090		279,326		337,416
Deferred taxes	83,019	12,225		(78,354)	16,890
Total noncurrent liabilities	634,618	569,734	548,674	(775,195)	977,831
Shareholders equity:					
Common stock	60	12	322	(72)	322
Additional paid-in capital	259,148	85,190	419,009	(344,338)	419,009
Accumulated other comprehensive income (loss)	(90,953)		(91,418)	90,953	(91,418)
Retained earnings (accumulated deficit)	(125,398)	33,312	(95,358)	92,086	(95,358)
Total shareholders equity	42,857	118,514	232,555	(161,371)	232,555
Total liabilities and shareholders equity	$ 888,708	$ 769,643	$ 1,013,056	$ (993,976)	$ 1,677,431

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 1,071,670	$ 227,365	$	$	$ 1,299,035
Related parties	180,478	79,053			259,531
	1,252,148	306,418			1,558,566
Cost of goods sold	1,000,879	213,469		(4,304)	1,210,044
Gross profit	251,269	92,949		4,304	348,522
Selling, general and admin expenses	38,567	796			39,363
Operating income	212,702	92,153		4,304	309,159
Interest expense third party	(24,632)	(12,370)			(37,002)
Interest expense affiliates	30,699	(30,699)			
Interest income	1,254	451			1,705
Net loss on forward contracts	(389,839)				(389,839)
Other income (expense) net	7,132	(234)			6,898
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(162,684)	49,301		4,304	(109,079)
Income tax (expense) benefit	56,297	(2,707)		(1,549)	52,041
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(106,387)	46,594		2,755	(57,038)
Equity in earnings (loss) of subsidiaries and joint ventures	17,383	5,366	(40,955)	34,289	16,083
Net income (loss)	$ (89,004)	$ 51,960	$ (40,955)	$ 37,044	$ (40,955)

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 824,072	$ 137,263	$	$	$ 961,335
Related parties	171,027				171,027
	995,099	137,263			1,132,362
Cost of goods sold	884,241	95,820		(9,376)	970,685
Gross profit	110,858	41,443		9,376	161,677
Selling, general and admin expenses	34,314	459			34,773
Operating income	76,544	40,984		9,376	126,904
Interest expense third party	(24,832)	(836)			(25,668)
Interest expense affiliates	24,451	(24,451)			
Interest income	1,011	356			1,367
Net loss on forward contracts	(309,698)				(309,698)
Loss on early extinguishment of debt	(835)				(835)
Other income (expense) net	(428)	703			275
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(233,787)	16,756		9,376	(207,655)
Income tax (expense) benefit	81,803	2,298		(3,404)	80,697
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(151,984)	19,054		5,972	(126,958)
Equity in earnings (loss) of subsidiaries and joint ventures	8,847	4,932	(116,255)	113,179	10,703
Net income (loss)	$ (143,137)	$ 23,986	$ (116,255)	$ 119,151	$ (116,255)

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2004

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 811,705	$ 85,833	$	$	$ 897,538
Related parties	163,209				163,209
	974,914	85,833			1,060,747
Cost of goods sold	805,267	407,650		(337,457)	875,460
Reimbursement from owners		(337,738)		337,738	
Gross profit (loss)	169,647	15,921		(281)	185,287
Selling, general and admin expenses	24,916				24,916
Operating income (loss)	144,731	15,921		(281)	160,371
Interest expense third party	(36,281)	(3,665)			(39,946)
Interest expense related party	(380)	(9,078)		9,078	(380)
Interest income	9,872	172		(8,958)	1,086
Net loss on forward contracts	(21,521)				(21,521)
Loss on early extinguishment of debt	(47,448)				(47,448)
Other income (expense) net	(1,380)	43		32	(1,305)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	47,593	3,393		(129)	50,857
Income tax (expense) benefit	(17,218)	(5,709)		4,731	(18,196)
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	30,375	(2,316)		4,602	32,661
Equity earnings (loss) of subsidiaries and joint ventures	(7,642)	821	33,482	(25,840)	821
Net income (loss)	$ 22,733	$ (1,495)	$ 33,482	$ (21,238)	$ 33,482

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$ 146,868	$ 38,485	$	$ 185,353
Investing activities:				
Purchase of property, plant and equipment	(15,599)	(7,294)	(709)	(23,602)
Nordural expansion		(193,511)		(193,511)
Proceeds from sale of property, plant and equipment	7,620	139		7,759
Restricted and other cash deposits	(2,583)			(2,583)
Net cash used in investing activities	(10,562)	(200,666)	(709)	(211,937)
Financing activities:				
Borrowings of long-term debt		109,000		109,000
Repayment of long-term debt		(581)		(581)
Repayment of revolving credit facility			(8,069)	(8,069)
Excess tax benefits from share-based compensation			1,394	1,394
Intercompany transactions	(136,306)	46,623	89,683	
Issuance of common stock			3,453	3,453
Net cash provided by (used in) financing activities	(136,306)	155,042	86,461	105,197
Net increase (decrease) in cash and cash equivalents		(7,139)	85,752	78,613
Cash and cash equivalents, beginning of the period		19,005	(1,253)	17,752
Cash and cash equivalents, end of period	$	$ 11,866	$ 84,499	$ 96,365

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2005

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$ 103,122	$ 31,814	$	$ 134,936
Investing activities:				
Purchase of property, plant and equipment	(15,515)	(2,176)	(336)	(18,027)
Nordural expansion		(280,086)		(280,086)
Acquisitions			(7,000)	(7,000)
Proceeds from sale of property, plant and equipment	6	118		124
Restricted cash deposits	(350)			(350)
Net cash used in investing activities	(15,859)	(282,144)	(7,336)	(305,339)
Financing activities:				
Borrowings of long-term debt		222,937		222,937
Repayment of long-term debt		(73,334)	(9,945)	(83,279)
Borrowings under revolving credit facility			8,069	8,069
Financing fees		(4,307)	(825)	(5,132)
Dividends			(16)	(16)
Intercompany transactions	(87,448)	122,280	(34,832)	
Issuance of common stock			1,408	1,408
Net cash provided by (used in) financing activities	(87,448)	267,576	(36,141)	143,987
Net increase (decrease) in cash and cash equivalents	(185)	17,246	(43,477)	(26,416)
Cash and cash equivalents, beginning of the period	185	1,759	42,224	44,168
Cash and cash equivalents, end of period	$	$ 19,005	$ (1,253)	$ 17,752

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CENTURY ALUMINUM COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2004

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$ 14,071	$ 91,757	$	$ 105,828
Investing activities:				
Purchase of property, plant and equipment	(6,814)	(8,426)		(15,240)
Nordural expansion		(59,784)		(59,784)
Acquisitions			(198,584)	(198,584)
Restricted cash deposits	(1,174)	(504)		(1,678)
Net cash used in investing activities	(7,988)	(68,714)	(198,584)	(275,286)
Financing activities:				
Borrowings of long-term debt		883	425,000	425,883
Repayment of long-term debt		(110,826)	(315,055)	(425,881)
Repayment of related party debt			(14,000)	(14,000)
Financing fees			(13,062)	(13,062)
Dividends			(3,311)	(3,311)
Intercompany transactions	(6,002)	88,659	(82,657)	
Issuance of common stock			215,793	215,793
Net cash provided by (used in) financing activities	(6,002)	(21,284)	212,708	185,422
Net increase in cash and cash equivalents	81	1,759	14,124	15,964
Cash and cash equivalents, beginning of the period	104		28,100	28,204
Cash and cash equivalents, end of period	$ 185	$ 1,759	$ 42,224	$ 44,168

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CENTURY ALUMINUM COMPANY CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the quarterly period ended March 31, 2007

CENTURY ALUMINUM COMPANY

CONSOLIDATED BALANCE SHEETS

	March 31, 2007 (Unaudited)	December 31, 2006
	(Dollars in thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 168,124	$ 96,365
Restricted cash	2,011	2,011
Accounts receivable net	112,924	113,371
Due from affiliates	22,468	37,542
Inventories	163,843	145,410
Prepaid and other current assets	19,573	19,830
Deferred taxes current portion	95,567	103,110
Total current assets	584,510	517,639
Property, plant and equipment net	1,230,084	1,218,777
Intangible asset net	58,097	61,594
Goodwill	94,844	94,844
Other assets	280,411	292,380
TOTAL	$ 2,247,946	$ 2,185,234
LIABILITIES AND SHAREHOLDERS EQUITY		
LIABILITIES:		
Accounts payable, trade	$ 84,471	$ 64,849
Due to affiliates	279,318	282,282
Accrued and other current liabilities	55,549	75,143
Long term debt current portion	14,611	30,105
Accrued employee benefits costs current portion	11,083	11,083
Convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Total current liabilities	627,847	646,277
Senior unsecured notes payable	250,000	250,000
Nordural debt	325,176	309,331
Accrued pension benefits costs less current portion	19,912	19,239
Accrued postretirement benefits costs less current portion	210,885	206,415
Due to affiliates less current portion	502,669	554,864

Other liabilities	42,974	27,811
Deferred taxes	47,461	41,587
Total noncurrent liabilities	1,399,077	1,409,247
CONTINGENCIES AND COMMITMENTS (NOTE 7)		
SHAREHOLDERS EQUITY:		
Common stock (one cent par value, 100,000,000 shares authorized; 32,580,662 and 32,457,670 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively)	326	325
Additional paid-in capital	437,375	432,270
Accumulated other comprehensive loss	(136,715)	(166,572)
Accumulated deficit	(79,964)	(136,313)
Total shareholders equity	221,022	129,710
TOTAL	$ 2,247,946	$ 2,185,234

See notes to consolidated financial statements

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CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2007	2006
	(In thousands, except per share amounts) (Unaudited)	
NET SALES:		
Third-party customers	$ 380,853	$ 298,473
Related parties	66,804	48,473
	447,657	346,946
Cost of goods sold	337,005	270,478
Gross profit	110,652	76,468
Selling, general and administrative expenses	12,967	12,119
Operating income	97,685	64,349
Interest expense	(11,043)	(6,751)
Interest income	2,013	196
Net gain (loss) on forward contracts	390	(286,760)
Other expense net	(156)	(161)
Income (loss) before income taxes and equity in earnings of joint ventures	88,889	(229,127)
Income tax benefit (expense)	(28,087)	84,356
Income (loss) before equity in earnings of joint ventures	60,802	(144,771)
Equity in earnings of joint ventures	3,447	3,200
Net income (loss)	$ 64,249	$ (141,571)
EARNINGS (LOSS) PER COMMON SHARE:		
Basic	$ 1.98	$ (4.39)
Diluted	$ 1.87	$ (4.39)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	32,508	32,263
Diluted	34,426	32,263

See notes to consolidated financial statements

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CENTURY ALUMINUM COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	(Dollars in thousands) (Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 64,249	$ (141,571)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Unrealized net (gain) loss on forward contracts	(27,399)	286,138
Depreciation and amortization	18,905	14,897
Deferred income taxes	8,087	(84,356)
Pension and other post retirement benefits	5,143	3,503
Stock-based compensation	1,521	2,559
Loss on disposal of assets	180	
Excess tax benefits from share-based compensation	(330)	(855)
Changes in operating assets and liabilities:		
Accounts receivable net	447	(15,640)
Due from affiliates	15,074	(3,064)
Inventories	(18,433)	(16,529)
Prepaid and other current assets	(1,217)	(3,398)
Accounts payable trade	24,429	4,724
Due to affiliates	5,381	(11,206)
Accrued and other current liabilities	(4,611)	(16,325)
Other net	6,692	(2,838)
Net cash provided by operating activities	98,118	16,039
CASH FLOWS FROM INVESTING ACTIVITIES:		
Nordural expansion	(29,175)	(68,769)
Purchase of property, plant and equipment	(2,438)	(2,632)
Restricted and other cash deposits	2,600	(4,001)
Net cash used in investing activities	(29,013)	(75,402)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long term debt	30,000	59,000
Repayment of long term debt	(29,649)	(143)
Net repayments under revolving credit facility		(2,969)
Excess tax benefits from shared-based compensation	330	855
Issuance of common stock	1,973	2,380
Net cash provided by financing activities	2,654	59,123

NET CHANGE IN CASH AND CASH EQUIVALENTS	71,759	(240)
Cash and cash equivalents, beginning of the period	96,365	17,752
Cash and cash equivalents, end of the period	$ 168,124	$ 17,512

See notes to consolidated financial statements

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements

Three months ended March 31, 2007 and 2006
(Dollars in thousands, except per share amounts)
(UNAUDITED)

1. General

The accompanying unaudited interim consolidated financial statements of Century Aluminum Company should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2006. In management s opinion, the unaudited interim consolidated financial statements reflect all adjustments, which are of a normal and recurring nature, that are necessary for a fair presentation of financial results for the interim periods presented. Operating results for the first three months of 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. Unless expressly stated otherwise or as the context otherwise requires, Century Aluminum, Century, we, us, our and ours refer to Century Aluminum Company and its con subsidiaries.

2. Earnings Per Share

The following table provides a reconciliation of the computation of the basic and diluted earnings per share:

	For the Three Months Ended March 31,					
	2007			2006		
	Income	Shares	Per-Share	Income	Shares	Per-Share
Net income (loss)	$ 64,249			$ (141,571)		
Basic EPS:						
Income (loss) applicable to common shareholders	64,249	32,508	$ 1.98	(141,571)	32,263	$ (4.39)
Effect of Dilutive Securities:						
Plus:						
Options		53				
Service-based stock awards		69				
Assumed conversion of convertible debt		1,796				
Diluted EPS:						
Income (loss) applicable to common shareholders with assumed conversion	$ 64,249	34,426	$ 1.87	$ (141,571)	32,263	$ (4.39)

Options to purchase 443,697 and 358,101 shares of common stock were outstanding during the periods ended March 31, 2007 and 2006, respectively. There were 83,334 and 83,500 unvested shares of service-based stock outstanding at March 31, 2007 and March 31, 2006, respectively. Based on the average price for our common stock in the three months ended March 31, 2007 and March 31, 2006, we would have been required to issue approximately 1,796,000 and 683,000 shares, respectively, upon an assumed conversion of our convertible debt. For the three month period ending March 31, 2007, 85,000 options were excluded from the calculation of diluted EPS because the exercise price of these options was greater than the average market price of the underlying common stock. For the three month period ending March 31, 2006, all options, service-based stock, and shares to be issued upon the assumed conversion of our convertible debt were excluded from the calculation of diluted EPS because of their antidilutive effect on earnings per share.

Service-based stock for which vesting is based upon continued service is not considered issued and outstanding shares of common stock until vested. However, the service-based stock is considered a common

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

stock equivalent and therefore are included, using the treasury stock method, in average common shares outstanding for diluted earnings per share computations, if they have a dilutive effect on earnings per share. Our goal-based performance share units are not considered common stock equivalents until it becomes probable that performance goals will be obtained.

3. Income Taxes

We adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), on January 1, 2007. As a result of adoption, we decreased our January 1, 2007 retained earnings balance approximately $7,900. As of the adoption date, we had unrecognized tax benefits of $21,800. If recognized, $18,300 of this amount would affect the effective tax rate.

It is our policy to recognize potential accrued interest and penalties related to unrecognized tax benefits in income tax expense. We recognized approximately $5,000 of interest at January 1, 2007 which is included as a component of the $21,800 unrecognized tax benefit noted above. During the three months ended March 31, 2007, we recognized approximately $700 in potential interest associated with uncertain tax positions.

Century and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and local jurisdictions, and Iceland. We have substantially concluded all material U.S. federal income tax matters for years through 1999. Federal income tax returns for 2000 through 2002 are currently under examination by the Internal Revenue Service (IRS). In connection with these examinations, the IRS has raised issues and proposed tax deficiencies. We have filed an administrative appeal with the IRS and it is likely that this examination will conclude in 2007. Returns beginning in 2003 are subject to examination. Material state and local income tax matters have been concluded for years through 2002. West Virginia income tax returns for 2003 through 2005 are currently under examination and the majority of other state returns beginning in 2003 are subject to examination. We are not currently under examination for our Icelandic filed tax returns and income tax matters have been concluded for years through 2001.

We do not expect a significant change in the balance of unrecognized tax benefits within the next twelve months with the exception of reductions for potential payments to the IRS to settle the examination as noted above.

4. Inventories

Inventories consist of the following:

	March 31, 2007	December 31, 2006
Raw materials	$ 77,192	$ 61,749
Work-in-process	26,693	20,528
Finished goods	6,054	5,435
Operating and other supplies	53,904	57,698

Inventories	$	163,843	$	145,410

Inventories are stated at the lower of cost or market, using the first-in, first-out method.

5. Goodwill and Intangible Asset

We test our goodwill for impairment annually in the second quarter of the fiscal year and at other times whenever events or circumstances indicate that the carrying amount of goodwill may exceed its fair value. If the carrying value of goodwill exceeds its fair value, an impairment loss will be recognized. No impairment loss was recorded in 2007 or 2006. The fair value is estimated using market comparable information.

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

The intangible asset consists of the power contract acquired in connection with our acquisition of the Hawesville facility (Hawesville). The contract value is being amortized over its term using a method that results in annual amortization equal to the percentage of a given year s expected gross annual benefit to the total as applied to the total recorded value of the power contract. As of March 31, 2007, the gross carrying amount of the intangible asset was $155,986 with accumulated amortization of $97,889.

For the three month periods ended March 31, 2007 and 2006, amortization expense for the intangible asset totaled $3,497 and $3,262, respectively. For the year ending December 31, 2007, the estimated aggregate amortization expense for the intangible asset will be approximately $13,991. The estimated aggregate amortization expense for the intangible asset through the Hawesville power contract s term is as follows:

	2008	2009	2010
Estimated Amortization Expense	$ 15,076	$ 16,149	$ 16,378

The intangible asset is reviewed for impairment in accordance with SFAS 142, Goodwill and Other Intangible Assets, whenever events or circumstances indicate that its net carrying amount may not be recoverable.

6. Debt

	March 31, 2007	December 31, 2006
Debt classified as current liabilities:		
1.75% convertible senior notes due 2024, interest payable semiannually(1)(2)(5)(6)	$ 175,000	$ 175,000
Hancock County industrial revenue bonds due 2028, interest payable quarterly (variable interest rates (not to exceed 12%))(1)	7,815	7,815
Current portion of long-term debt	14,611	30,105
Debt classified as non-current liabilities:		
7.5% senior unsecured notes payable due 2014, interest payable semiannually(5)(6)(8)	250,000	250,000
Nordural s senior term loan facility maturing in 2010, variable interest rate, principal and interest payments due semiannually through 2010, less current portion(3)(4)(7)	317,500	301,500
Nordural s various loans, with interest rates ranging from 2.70% to 6.75% due through 2020, less current portion	7,676	7,831
Total Debt	$ 772,602	$ 772,251

(1) The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The convertible notes are classified as current because they are convertible at any time by the holder. The IRB interest rate at March 31, 2007 was 3.95%.

(2) The convertible notes are convertible at any time by the holder at an initial conversion rate of 32.7430 shares of Century common stock per one thousand dollars of principal amount of convertible notes, subject to adjustments for certain events. The initial conversion rate is equivalent to a conversion price of approximately $30.5409 per share of Century common stock. Upon conversion of a convertible note, the holder of such convertible note shall receive cash equal to the principal amount of the convertible note and, at our election, either cash or Century common stock, or a combination thereof, for the convertible notes conversion value in excess of such principal amount, if any.

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

(3) Nordural s senior term loan interest rate at March 31, 2007 was 6.87%. The $365.0 million loan facility contains customary covenants, including limitations on additional indebtedness, investments, capital expenditures (other than related to the expansion project), dividends, and hedging agreements. Nordural is also subject to various financial covenants, including a net worth covenant and certain maintenance covenants, including minimum interest coverage and debt service coverage beginning as of December 31, 2006.

(4) Nordural s obligations under the term loan facility are secured by a pledge of all of Nordural s shares pursuant to a share pledge agreement with the lenders. In addition, substantially all of Nordural s assets are pledged as security under the loan facility.

(5) The obligations of Century pursuant to the notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of our existing domestic restricted subsidiaries.

(6) The indentures governing these obligations contain customary covenants, including limitations on our ability to incur additional indebtedness, pay dividends, sell assets or stock of certain subsidiaries and purchase or redeem capital stock.

(7) The term loan agreement repayment schedule was amended in March 2007 to allow a prepayment of the August 2007 principal payment for March 31, 2007. A further amendment in April 2007 and associated prepayment of principal eliminated all periodic principal payments. All remaining outstanding principal amount is due February 28, 2010.

(8) On or after August 15, 2009, we may redeem any of the senior notes, in whole or in part, at an initial redemption price equal to 103.75% of the principal amount, plus accrued and unpaid interest. The redemption price will decline each year after 2009 and will be 100% of the principal amount, plus accrued and unpaid interest, beginning on August 15, 2012.

We have a $100,000 senior secured revolving credit facility (Credit Facility) with a syndicate of banks that will mature September 19, 2010. Our obligations under the Credit Facility are unconditionally guaranteed by our domestic subsidiaries (other than Century Aluminum Holdings, Inc., Century Louisiana, Inc., Century California, LLC and Nordural US LLC) and secured by a first priority security interest in all accounts receivable and inventory belonging to Century and our subsidiary borrowers. The availability of funds under the Credit Facility is subject to a $15,000 reserve and limited by a specified borrowing base consisting of certain eligible accounts receivable and inventory. Borrowings under the Credit Facility are, at our option, at the LIBOR rate or bank base rate, plus or minus in each case an applicable margin. The Credit Facility is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, affiliate transactions, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments. We could issue up to a maximum of $25,000 in letters of credit under the Credit Facility. We have issued letters of credit totaling $2,117 as of March 31, 2007. We had no other outstanding borrowings under the Credit Facility as of March 31, 2007. As of March 31, 2007, we had a borrowing availability of $97,646 under the Credit Facility. We pay a commitment fee for the unused portion of the line.

7. Contingencies and Commitments

Environmental Contingencies

We believe our current environmental liabilities do not have, and are not likely to have, a material adverse effect on our financial condition, results of operations or liquidity. However, there can be no assurance that future requirements or conditions at currently or formerly owned or operated properties will not result in liabilities which may have a material adverse effect.

Century Aluminum of West Virginia, Inc. (CAWV) continues to perform remedial measures at our Ravenswood, West Virginia facility (Ravenswood) pursuant to an order issued by the Environmental Protection Agency (EPA) in 1994 (the 3008(h) Order). CAWV also conducted a RCRA facility investigation (RFI) under the 3008(h) Order evaluating other areas at Ravenswood that may have contamination

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

requiring remediation. The RFI has been approved by appropriate agencies. CAWV has completed interim remediation measures at two sites identified in the RFI, and we believe no further remediation will be required. A Corrective Measures Study, which will formally document the conclusion of these activities, is being completed with the EPA. We believe a significant portion of the contamination on the two sites identified in the RFI is attributable to the operations of third parties and is their financial responsibility.

Prior to our purchase of Hawesville, the EPA issued a final Record of Decision (ROD) under the Comprehensive Environmental Response, Compensation and Liability Act. By agreement, Southwire is to perform all obligations under the ROD. Century Aluminum of Kentucky, LLC (Century Kentucky) has agreed to operate and maintain the ground water treatment system required under the ROD on behalf of Southwire, and Southwire will reimburse Century Kentucky for any expense that exceeds $400 annually.

Century is a party to an EPA Administrative Order on Consent (the Order) pursuant to which other past and present owners of an alumina refining facility at St. Croix, Virgin Islands have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. Lockheed Martin Corporation (Lockheed), which sold the facility to one of our affiliates, Virgin Islands Alumina Corporation (Vialco), in 1989, has tendered indemnity and defense of this matter to Vialco pursuant to the terms of the Lockheed Vialco Asset Purchase Agreement. Management does not believe Vialco s liability under the Order or its indemnity to Lockheed will require material payments. Through March 31, 2007, we have expended approximately $700 on the Recovery Plan. Although there is no limit on the obligation to make indemnification payments, we expect the future potential payments under this indemnification to comply with the Order will be approximately $500, which may be offset in part by sales of recoverable hydrocarbons.

In May 2005, Century and Vialco were among the defendants listed in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources, in his capacity as Trustee for Natural Resources of the United States Virgin Islands. The complaint alleges damages to natural resources caused by alleged releases from the alumina refinery facility at St. Croix and the adjacent petroleum refinery. Lockheed has tendered indemnity and defense of the case to Vialco pursuant to terms of the Lockheed-Vialco Asset Purchase Agreement. The complaint seeks unspecified monetary damages, costs and attorney fees. Vialco and the other defendants have filed separate motions to dismiss asserting certain affirmative defenses including the statute of limitations. No ruling on those motions has been rendered as of this date.

In July 2006, Century was named as a defendant together with certain affiliates of Alcan Inc. in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC (formerly Pechiney Rolled Products, LLC) in July 1999. The complaint also seeks costs and attorney fees.

In December 2006, Vialco and the company that purchased the assets of Vialco in St. Croix in 1995 were named as defendants in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources. The complaint alleges the defendants failed to take certain actions specified in a Coastal Zone management permit issued to Vialco in October, 1994, and seeks statutory and other unspecified monetary penalties for the alleged violations. Vialco recently filed its answer to the complaint asserting factual and affirmative defenses.

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were $817 and $605 at March 31, 2007 and December 31, 2006, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries.

CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

With respect to cost for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred.

Because of the issues and uncertainties described above, and our inability to predict the requirements of future environmental laws, there can be no assurance that future capital expenditures and costs for environmental compliance will not have a material adverse effect on our future financial condition, results of operations, or liquidity. Based upon all available information, management does not believe that the outcome of these environmental matters will have a material adverse effect on our financial condition, results of operations, or liquidity.

Legal Contingencies

We have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, environmental, safety and health matters. Although it is not presently possible to determine the outcome of these matters, management believes their ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity.

Power Commitments

Hawesville currently purchases substantially all of its power from Kenergy Corp. (Kenergy), a local retail electric cooperative, under a power supply contract that expires at the end of 2010. Approximately 73% of this power is at fixed prices. Kenergy acquires most of the power it provides to Hawesville from a subsidiary of LG&E Energy Corporation (LG&E), with delivery guaranteed by LG&E. For 2007, all but three percent (approximately 14 megawatts (MW)) of our power requirements at Hawesville are priced. Hawesville s unpriced power requirements increase to 27% (126 MW) of its total power requirements in calendar years 2008 through 2010.

In February 2007, we were informed that the Corps of Engineers (COE) is planning to lower reservoir water levels on the Cumberland River for repair and maintenance. This will reduce electrical production from the dams of these reservoirs that were expected to provide a portion of the electrical power we purchase from Big Rivers Electrical Corp. for the use by our Hawesville facility during 2007.

Based on current expectations of reservoir levels, we expect any impact to be limited to the summer months, when usage rates on the Big Rivers system are at peak consumption. Based on our most recent information from the COE, we expect this to affect only approximately 1.5% of Hawesville s load requirements during this period. We are exploring alternative sources of energy during the summer period and we may have to pay a premium over and above our power contracts for this energy. Based on the current market for electrical power, we do not expect the premium to have a material adverse effect on our financial condition, results of operation or liquidity.

Appalachian Power Company supplies all of Ravenswood s power requirements under an agreement at prices set forth in published tariffs, which are subject to change. In 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design through June 2009 in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels. After December 31, 2007, CAWV may terminate the agreement by providing 12 months notice of termination.

The Mt. Holly facility (Mt. Holly) purchases all of its power from the South Carolina Public Service Authority at rates established by published schedules. Mt. Holly s current power contract expires December 31, 2015. Power delivered through 2010 will be priced as set forth in currently published schedules, subject to adjustments for fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

The Nordural facility at Grundartangi, Iceland (Grundartangi) purchases power from Landsvirkjun (a power company owned by the Republic of Iceland), Hitaveita Suðurnesja hf. (HS) and Orkuveita Reykjavíkur (OR) under long-term contracts due to expire in 2019, 2026 and 2028. The power delivered to Grundartangi is priced at a rate based on the LME price for primary aluminum and is from hydroelectric and geothermal sources.

In April 2006, we announced an expansion of the Grundartangi facility from 220,000 metric tonnes per year (mtpy) to 260,000 mtpy (Phase V expansion) which is expected to be completed in the fourth quarter of 2007. OR has agreed to deliver the power for the additional expansion capacity by late 2008. Landsvirkjun has agreed to deliver power for the additional capacity on an interim basis until power is available from OR in late 2008.

In June 2006, Nordural signed a memorandum of understanding (MOU) to purchase power from HS and OR for a planned primary aluminum reduction facility in Helguvik, Iceland. Under the agreement, power will be supplied to the planned Helguvik facility in stages, beginning with an initial phase of up to 250 MW, which will support production capacity of up to 150,000 mtpy. HS will provide up to 150 MW in this initial stage, and OR will supply up to 100 MW. Electricity delivery for this first phase is targeted for 2010. The MOU provides for a total of 435 MW, which will ultimately provide power for a 250,000 mtpy facility. The agreement is subject to the satisfaction of certain conditions related to the construction of the Helguvik facility.

Labor Commitments

Approximately 81% of our U.S. based work force is represented by the United Steelworkers of America (the USWA). In May 2006, our Hawesville, Kentucky plant employees represented by the USWA ratified a four-year collective bargaining agreement that will extend through April 1, 2010. The agreement covers approximately 600 hourly workers at the Hawesville plant. In August 2006, our Ravenswood plant employees represented by the USWA ratified a three-year labor agreement that will extend through May 31, 2009. The agreement covers approximately 580 hourly employees at the Ravenswood plant.

Approximately 90% of Grundartangi s work force is represented by five labor unions under an agreement that expires on December 31, 2009.

Other Commitments and Contingencies

At March 31, 2007 and December 31, 2006, we had outstanding capital commitments of approximately $57,376 and $67,732, respectively, primarily related to the Grundartangi Phase V expansion project. Our cost commitments for the Grundartangi expansion may materially change depending on the exchange rate between the U.S. dollar and certain foreign currencies, principally the Icelandic krona and the Euro.

In May 2006, we purchased foreign currency options with a notional value of $41,627 to hedge a portion of our foreign currency risk from our exposure to the Icelandic krona associated with capital expenditures from the ongoing Phase V project at Grundartangi. The option contracts, which are designated as cash flow hedges and qualify for hedge accounting under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133) have maturities through November 2007. The critical terms of the contracts match those of the underlying exposure.

As of March 31, 2007, the fair value of the options of $2,937 is recorded in other assets. Included in accumulated other comprehensive income is an after-tax unrealized gain of $2,326.

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

8. Forward Delivery Contracts and Financial Instruments

As a producer of primary aluminum products, we are exposed to fluctuating raw material and primary aluminum prices. We routinely enter into fixed and market priced contracts for the sale of primary aluminum and the purchase of raw materials in future periods. The following tables present our long-term primary aluminum sales and tolling contracts. Certain contracts are with a related party, Glencore International AG (together with its subsidiaries, Glencore).

Forward Physical Delivery Agreements

Primary Aluminum Sales Contracts

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Variable, based on U.S. Midwest market
Glencore Metal Agreement I(1)	Glencore	50,000 mtpy	Through December 31, 2009	Variable, LME-based
Glencore Metal Agreement II(2)	Glencore	20,400 mtpy	Through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement	Southwire	240 million pounds per year (high purity molten aluminum) (3)	Through March 31, 2011	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010	Variable, based on U.S. Midwest market
		48 million pounds per year (standard-grade molten aluminum)	Through December 31, 2007	Variable, based on U.S. Midwest market

(1) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as normal because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(2) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated

U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

(3) The Southwire Metal Agreement will automatically renew for additional five-year terms, unless either party provides 12 months notice that it has elected not to renew.

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement(1)(4)	BHP Billiton	130,000 mtpy	Through December 31, 2013	LME-based
Glencore Toll Agreement(2)(3)(4)	Glencore	90,000 mtpy	Through July 2016	LME-based

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

(1) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 metric tonnes to 130,000 metric tonnes of the per annum production capacity at Grundartangi effective in the fourth quarter of 2006.

(2) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 mtpy of the Phase III/IV expansion capacity at Grundartangi. Deliveries on this contract began in July 2006.

(3) In December 2005, Glencore assigned 50% of its tolling rights under this agreement to Hydro Aluminum for the period 2007 to 2010.

(4) Grundartangi s tolling revenues include a premium based on the European Union (EU) import duty for primary aluminum. In May 2007, the European Union members reduced the European Union (EU) import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. This decrease in the EU import duty for primary aluminum negatively impacts Grundartangi revenues.

Apart from the Alcan Metal Agreement, Glencore Metal Agreement I, Glencore Metal Agreement II and Southwire Metal Agreements, we had forward delivery contracts to sell 100,436 metric tonnes and 132,726 metric tonnes of primary aluminum at March 31, 2007 and December 31, 2006, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 102 metric tonnes and 2,538 metric tonnes of primary aluminum at March 31, 2007 and December 31, 2006, respectively, of which none were with Glencore.

Financial Sales Agreements

To mitigate the volatility in our variable priced forward delivery contracts, we enter into fixed price financial sales contracts which settle in cash in the period corresponding to the intended delivery dates of the forward delivery contracts. Certain of these fixed price financial sales contracts are accounted for as cash flow hedges depending on our designation of each contract at its inception. Glencore is the counterparty for all of the contracts summarized below:

Primary Aluminum Financial Sales Contracts as of:

	March 31, 2007			December 31, 2006		
	Cash Flow Hedges	Derivatives	Total	Cash Flow Hedges	Derivatives	Total
	(Metric tonnes)					
2007	81,000	37,800	118,800	119,500	50,400	169,900
2008	9,000	100,200	109,200	9,000	100,200	109,200
2009		105,000	105,000		105,000	105,000
2010		105,000	105,000		105,000	105,000
2011		75,000	75,000		75,000	75,000
2012-2015		300,000	300,000		300,000	300,000

Total	90,000	723,000	813,000	128,500	735,600	864,100

The contracts accounted for as derivatives contain clauses that trigger additional volume when the market price for a contract month is above the contract ceiling price. If the market price exceeds the ceiling price for all contract months through 2015, the maximum additional shipment volume would be 723,000 metric tonnes. These contracts will be settled monthly. We had no fixed price financial contracts to purchase aluminum at March 31, 2007 or December 31, 2006.

CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

Additionally, to mitigate the volatility of the natural gas markets, we enter into financial purchase contracts, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas.

Natural Gas Financial Purchase Contracts as of:

	March 31, 2007	**December 31, 2006**
	(Thousands of MMBTU)	
2007	810	2,200
2008	480	480
Total	1,290	2,680

Based on the fair value of our financial sales contracts for primary aluminum and financial purchase contracts for natural gas that qualify as cash flow hedges as of March 31, 2007, an accumulated other comprehensive loss of $63,703 is expected to be reclassified as a reduction to earnings over the next 12 month period.

In the event of a material adverse change in our creditworthiness, Glencore has the option to require a letter of credit, or any other acceptable security or collateral for outstanding balances on these contracts.

The forward financial sales and purchase contracts are subject to counterparty credit risk. However, we only enter into forward financial contracts with counterparties we determine to be creditworthy. If any counterparty failed to perform according to the terms of the contract, the accounting impact would be limited to the difference between the contract price and the market price applied to the contract volume on the date of settlement.

9. Supplemental Cash Flow Information

	Three Months Ended March 31, 2007	**2006**
Cash paid for:		
Interest	$ 17,127	$ 15,080
Income tax	17,640	6,698
Cash received for:		
Interest	1,596	196
Income tax refunds		135
Non-cash investing activities:		
Accrued Grundartangi expansion costs	(3,656)	(5,534)

Non-cash Activities

In the first quarter of 2007, we issued 50,985 shares as part of our performance share program to satisfy a $2,281 performance share liability to certain key employees. In addition, we recorded a $7,900 noncash adjustment to the beginning balance of our retained earnings as part of the adoption of FIN 48, see Note 3.

During the three month periods ended March 31, 2007 and 2006, we capitalized interest costs incurred in the construction of equipment of $1,216, and $3,852, respectively.

CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

10. Asset Retirement Obligations

The reconciliation of the changes in the asset retirement obligation is as follows:

	For the Three Months Ended March 31, 2007		For the Year Ended December 31, 2006	
Beginning balance, ARO liability	$	12,864	$	11,808
Additional ARO liability incurred		510		2,302
ARO liabilities settled		(587)		(2,236)
Accretion expense		258		990
Ending balance, ARO liability	$	13,045	$	12,864

11. Recently Issued Accounting Standards

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement applies to other existing accounting pronouncements that require or permit fair value measurements. The pronouncement does not require any new fair value measurements. SFAS No. 157 will be effective for financial statements issued for fiscal years beginning after November 15, 2007, and the interim periods within those years. We are currently assessing the new pronouncement and have not yet determined the impact of adopting SFAS No. 157 on our financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. The Statement would permit us to choose to measure certain financial instruments and other items at their fair value. The objective of the Statement is to mitigate the volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This fair value option would allow us to choose to measure eligible items at fair value at a specified election date. The Statement is effective for us as of January 1, 2008. We are currently assessing the Statement and have not yet determined what, if any, impact the adoption of SFAS No. 159 will have on our financial position or results of operations.

12. Comprehensive Income and Accumulated Other Comprehensive Income (Loss)

Comprehensive Income:

	Three Months Ended March 31,	
	2007	2006

Net income (loss)	$ 64,249	$ (141,571)
Other comprehensive income (loss):		
Net unrealized (gain) loss on financial instruments, net of tax of $1,452 and $26,613, respectively	1,178	(47,272)
Net amount reclassified to income, net of tax of $(19,234) and $(8,719), respectively	29,248	15,301
Adjustment of pension and other postretirement benefit plan liabilities, net of tax of $375	(570)	
Comprehensive income (loss)	$ 94,105	$ (173,542)

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

Components of Accumulated Other Comprehensive Loss:

	March 31, 2007	December 31, 2006
Unrealized loss on financial instruments, net of $40,059 and $58,452 tax benefit	$ (60,912)	$ (90,728)
Pension and other postretirement benefit plan liabilities, net of $49,850 and $48,864 tax benefit, respectively	(75,803)	(75,844)
	$ (136,715)	$ (166,572)

13. Components of Net Periodic Benefit Cost

	Pension Benefits Three Months Ended March 31,		Other Postretirement Benefits Three Months Ended March 31,	
	2007	2006	2007	2006
Service cost	$ 974	$ 1,030	$ 1,761	$ 1,468
Interest cost	1,403	1,214	2,997	2,420
Expected return on plan assets	(1,695)	(1,700)		
Amortization of prior service cost	182	103	(540)	(219)
Amortization of net gain	280	214	1,369	1,035
Net periodic benefit cost	$ 1,144	$ 861	$ 5,587	$ 4,704

14. Other Assets

Components of Other Assets:

	March 31, 2007	December 31, 2006
Deferred tax assets noncurrent	$ 188,567	$ 203,452
Other assets (primarily investments in joint ventures)	79,533	75,950
Capitalized financing fees	12,311	12,978

	$ 280,411	$ 292,380

15. Condensed Consolidating Financial Information

Our 7.5% Senior Notes due 2014, and 1.75% Convertible Senior Notes due 2024 are guaranteed by each of our material existing and future domestic subsidiaries, except for Nordural US LLC. The subsidiary guarantors are each 100% owned by Century. All guarantees are full and unconditional and all guarantees are joint and several. These notes are not guaranteed by our foreign subsidiaries (such subsidiaries and Nordural US LLC, collectively the Non-Guarantor Subsidiaries). Our policy for financial reporting purposes is to allocate corporate expenses or income to subsidiaries. For the three months ended March 31, 2007 and March 31, 2006, we allocated total corporate expense of $2,646 and $3,601 to our subsidiaries, respectively. Additionally, we charge interest on certain intercompany balances.

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)

The following summarized condensed consolidating balance sheets as of March 31, 2007 and December 31, 2006, condensed consolidating statements of operations for the three months ended March 31, 2007 and March 31, 2006 and the condensed consolidating statements of cash flows for the three months ended March 31, 2007 and March 31, 2007 present separate results for Century, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries.

This summarized condensed consolidating financial information may not necessarily be indicative of the results of operations or financial position had Century, the Guarantor Subsidiaries or the Non-Guarantor Subsidiaries operated as independent entities.

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)
CONDENSED CONSOLIDATING BALANCE SHEET
As of March 31, 2007

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$	$ 34,419	$ 133,705	$	$ 168,124
Restricted cash	2,011				2,011
Accounts receivable net	97,270	15,654			112,924
Due from affiliates	302,034	2,312	933,800	(1,215,678)	22,468
Inventories	133,095	30,932		(184)	163,843
Prepaid and other assets	2,631	14,693	2,249		19,573
Deferred taxes current portion	53,291		11,006	31,270	95,567
Total current assets	590,332	98,010	1,080,760	(1,184,592)	584,510
Investment in subsidiaries	25,344		108,535	(133,879)	
Property, plant and equipment net	429,858	799,212	1,014		1,230,084
Intangible asset net	58,097				58,097
Goodwill		94,844			94,844
Other assets	44,225	19,413	373,373	(156,600)	280,411
Total assets	$ 1,147,856	$ 1,011,479	$ 1,563,682	$ (1,475,071)	$ 2,247,946
Liabilities and Shareholders Equity:					
Accounts payable trade	$ 53,516	$ 30,916	$ 39	$	$ 84,471
Due to affiliates	586,743	57,807	348,174	(713,406)	279,318
Industrial revenue bonds	7,815				7,815
Long term debt current portion		14,611			14,611
Accrued and other current liabilities	16,866	5,759	32,924		55,549
Accrued employee benefits costs current portion	9,802		1,281		11,083
Convertible senior notes			175,000		175,000
Total current liabilities	674,742	109,093	557,418	(713,406)	627,847
Senior unsecured notes payable			250,000		250,000
Nordural debt		325,176			325,176

Accrued pension benefit costs less current portion	4,003		15,909		19,912
Accrued postretirement benefit costs less current portion	209,520		1,365		210,885
Other liabilities/intercompany loan	162,648	361,024	15,299	(495,997)	42,974
Due to affiliates less current portion			502,669		502,669
Deferred taxes	160,612	18,638		(131,789)	47,461
Total noncurrent liabilities	536,783	704,838	785,242	(627,786)	1,399,077
Shareholders equity:					
Common stock	60	12	326	(72)	326
Additional paid-in capital	259,248	85,190	437,375	(344,438)	437,375
Accumulated other comprehensive income (loss)	(142,892)	4,690	(136,715)	138,202	(136,715)
Retained earnings (accumulated deficit)	(180,085)	107,656	(79,964)	72,429	(79,964)
Total shareholders equity	(63,669)	197,548	221,022	(133,879)	221,022
Total liabilities and shareholders equity	$ 1,147,856	$ 1,011,479	$ 1,563,682	$ (1,475,071)	$ 2,247,946

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)
CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash and cash equivalents	$	$ 11,866	$ 84,499	$	$ 96,365
Restricted cash	2,011				2,011
Accounts receivable net	98,690	14,681			113,371
Due from affiliates	55,853	6,779	752,954	(778,044)	37,542
Inventories	112,975	32,604		(169)	145,410
Prepaid and other assets	4,603	12,981	2,246		19,830
Deferred taxes current portion	66,530		11,007	25,573	103,110
Total current assets	340,662	78,911	850,706	(752,640)	517,639
Investment in subsidiaries	22,229		20,967	(43,196)	
Property, plant and equipment net	436,980	780,879	918		1,218,777
Intangible asset net	61,594				61,594
Goodwill		94,844			94,844
Other assets	41,599	19,297	368,913	(137,429)	292,380
Total assets	$ 903,064	$ 973,931	$ 1,241,504	$ (933,265)	$ 2,185,234
Liabilities and Shareholders Equity:					
Accounts payable trade	$ 34,993	$ 29,804	$ 52	$	$ 64,849
Due to affiliates	381,853	56,665	73,734	(229,970)	282,282
Industrial revenue bonds	7,815				7,815
Long term debt current portion		30,105			30,105
Accrued and other current liabilities	21,381	4,522	49,240		75,143
Accrued employee benefits costs current portion	9,803		1,280		11,083
Convertible senior notes			175,000		175,000
Total current liabilities	455,845	121,096	299,306	(229,970)	646,277
Senior unsecured notes payable			250,000		250,000
Nordural debt		309,331			309,331
	3,624		15,615		19,239

Accrued pension benefit costs less current portion					
Accrued postretirement benefit costs less current portion	205,092		1,323		206,415
Other liabilities/intercompany loan	215,839	353,997		(542,025)	27,811
Due to affiliates less current portion	9,314		545,550		554,864
Deferred taxes	143,421	16,240		(118,074)	41,587
Total noncurrent liabilities	577,290	679,568	812,488	(660,099)	1,409,247
Shareholders equity:					
Common stock	60	12	325	(72)	325
Additional paid-in capital	259,248	85,190	432,270	(344,438)	432,270
Accumulated other comprehensive income (loss)	(172,685)	2,791	(166,572)	169,894	(166,572)
Retained earnings (accumulated deficit)	(216,694)	85,274	(136,313)	131,420	(136,313)
Total shareholders equity	(130,071)	173,267	129,710	(43,196)	129,710
Total liabilities and shareholders equity	$ 903,064	$ 973,931	$ 1,241,504	$ (933,265)	$ 2,185,234

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the three months ended March 31, 2007

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 293,748	$ 87,105	$	$	$ 380,853
Related parties	39,413	27,391			66,804
	333,161	114,496			447,657
Cost of goods sold	262,490	74,869		(354)	337,005
Gross profit	70,671	39,627		354	110,652
Selling, general and admin expenses	11,103	1,864			12,967
Operating income	59,568	37,763		354	97,685
Interest expense third party	(6,019)	(5,024)			(11,043)
Interest expense affiliates	8,061	(8,061)			
Interest income	1,599	414			2,013
Net gain on forward contracts	390				390
Other income (expense) net	91	(247)			(156)
Income before taxes and equity in earnings (loss) of subsidiaries and joint ventures	63,690	24,845		354	88,889
Income tax expense	(24,730)	(3,230)		(127)	(28,087)
Net income before equity in earnings (loss) of subsidiaries and joint ventures	38,960	21,615		227	60,802
Equity earnings (loss) of subsidiaries and joint ventures	5,551	768	64,249	(67,121)	3,447
Net income (loss)	$ 44,511	$ 22,383	$ 64,249	$ (66,894)	$ 64,249

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the three months ended March 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 253,181	$ 45,292	$	$	$ 298,473
Related parties	48,473				48,473
	301,654	45,292			346,946
Cost of goods sold	241,214	29,967		(703)	270,478
Gross profit	60,440	15,325		703	76,468
Selling, general and admin expenses	11,968	151			12,119
Operating income	48,472	15,174		703	64,349
Interest expense third party	(6,390)	(361)			(6,751)
Interest expense affiliates	7,449	(7,449)			
Interest income	56	140			196
Net loss on forward contracts	(286,760)				(286,760)
Loss on early extinguishment of debt					
Other expense net	(106)	(55)			(161)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(237,279)	7,449		703	(229,127)
Income tax benefit (expense)	84,129	480		(253)	84,356
Net income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(153,150)	7,929		450	(144,771)
Equity earnings (loss) of subsidiaries and joint ventures	3,534	784	(141,571)	140,453	3,200
Net income (loss)	$ (149,616)	$ 8,713	$ (141,571)	$ 140,903	$ (141,571)

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the three months ended March 31, 2007

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$ 65,420	$ 32,698	$	$ 98,118
Investing activities:				
Purchase of property, plant and equipment	(1,410)	(899)	(129)	(2,438)
Nordural expansion		(29,175)		(29,175)
Restricted cash deposits	2,600			2,600
Net cash provided by (used in) investing activities	1,190	(30,074)	(129)	(29,013)
Financing activities:				
Borrowings of long-term debt		30,000		30,000
Repayment of long-term debt		(29,649)		(29,649)
Excess tax benefits from share-based compensation			330	330
Intercompany transactions	(66,610)	19,578	47,032	
Issuance of common stock			1,973	1,973
Net cash provided by (used in) financing activities	(66,610)	19,929	49,335	2,654
Net change in cash and cash equivalents		22,553	49,206	71,759
Beginning cash and cash equivalents		11,866	84,499	96,365
Ending cash and cash equivalents	$	$ 34,419	$ 133,705	$ 168,124

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CENTURY ALUMINUM COMPANY

Notes to the Consolidated Financial Statements (Continued)
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the three months ended March 31, 2006

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by operating activities	$ 13,212	$ 2,827	$	$ 16,039
Investing activities:				
Purchase of property, plant and equipment	(647)	(1,981)	(4)	(2,632)
Nordural expansion		(68,769)		(68,769)
Restricted cash deposits	(4,001)			(4,001)
Net cash used in investing activities	(4,648)	(70,750)	(4)	(75,402)
Financing activities:				
Borrowings of long-term debt		59,000		59,000
Repayment of long-term debt		(143)		(143)
Net repayments under revolving credit facility			(2,969)	(2,969)
Excess tax benefits from share-based compensation			855	855
Intercompany transactions	(8,564)	10,029	(1,465)	
Issuance of common stock			2,380	2,380
Net cash provided by (used in) financing activities	(8,564)	68,886	(1,199)	59,123
Net change in cash and cash equivalents		963	(1,203)	(240)
Beginning cash and cash equivalents		19,005	(1,253)	17,752
Ending cash and cash equivalents	$	$ 19,968	$ (2,456)	$ 17,512

16. Subsequent Event

On April 30, 2007, Nordural made a $70,000 optional principal payment under its term loan.

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PROSPECTUS

COMMON STOCK

Century Aluminum Company may offer and sell shares of its common stock from time to time in amounts, at prices and on terms that will be determined at the time of any such offering.

Each time our common stock is offered pursuant to this prospectus, we will provide a prospectus supplement and attach it to this prospectus. The prospectus supplement will contain more specific information about the offering. The prospectus supplement may also add, update or change information contained in this prospectus. This prospectus may not be used to offer or sell our common stock without a prospectus supplement describing the method and terms of the offering.

We may sell our common stock directly or to or through underwriters, to other purchasers and/or through agents. For additional information on the method of sale, you should refer to the section of this prospectus entitled Plan of Distribution on page B-6. If any underwriters are involved in the sale of our common stock offered by this prospectus and any prospectus supplement, their names, and any applicable purchase price, fee, commission or discount arrangement between us and them will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement.

You should carefully read this prospectus and any accompanying prospectus supplement, together with the documents we incorporate by reference, before you invest in our common stock.

Our common stock is listed on the Nasdaq Global Select Market under the symbol CENX.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 29, 2007.

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You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. We are offering to sell and are seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date such information is presented regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of common stock.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. Under this shelf registration process, we may, from time to time, offer or sell shares of our common stock in one or more offerings. This prospectus provides you with a general description of the common stock we may offer. Each time we sell common stock, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus, the relevant prospectus supplement and any free writing prospectus we may authorize to be delivered to you, together with additional information described under the next heading Where You Can Find More Information.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-3 to register the common stock offered under this prospectus. This prospectus is part of that registration statement and, as permitted by the SEC s rules, does not contain all the information required to be set forth in the registration statement. We believe that we have included or incorporated by reference all information material to investors in this prospectus, but some details that may be important for specific investment purposes have not been included. For further information, you may read the registration statement and the exhibits filed with or incorporated by reference into the registration statement.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy those reports, statements or other information at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. Our SEC filings are also available to the public from commercial document retrieval services and on the SEC s web site at *www.sec.gov*.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus and the information that we subsequently file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (other than information in such documents that is deemed, in accordance with SEC rules, not to have been filed) until our offering is complete:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (including those portions of our Proxy Statement on Schedule 14A relating to our 2007 Annual Meeting of Stockholders, which was filed on April 23, 2007, incorporated by reference therein);

Our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2007;

Our Current Reports on Form 8-K dated: April 30, 2007; April 30, 2007 (amending our Current Report on Form 8-K dated August 8, 2006); March 20, 2007 (as amended by our Current Report on Form 8-K filed on April 13, 2007); March 1, 2007; and February 28, 2007;

The description of our common stock contained in our Registration Statement on Form 8-A filed March 4, 1996.

To the extent any information contained in any Current Report on Form 8-K, or any exhibit thereto, was furnished to rather than filed with, the SEC, such information or exhibit is not incorporated by reference in this prospectus.

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You may request a copy of those filings, at no cost, by telephoning us at (831) 642-9300 or writing us at the following address: Century Aluminum Company, 2511 Garden Road, Building A, Suite 200, Monterey, CA 93940, Attention: Corporate Secretary.

THE COMPANY

We are a global producer of primary aluminum and the third largest primary aluminum producer in North America. Aluminum is an internationally traded commodity, and its price is effectively determined on the London Metal Exchange, or LME. Our primary aluminum facilities produce standard-grade and value-added primary aluminum products. We produced approximately 680,000 metric tons of primary aluminum in 2006 and recorded net sales of approximately $1.6 billion. In 2006 we more than doubled the capacity at our Grundartangi facility in Iceland from 90,000 metric tons per year, or mtpy , at the time of our acquisition of the facility to 220,000 mtpy. Following such expansion, our total primary aluminum production capacity is currently 745,000 mtpy. With the ongoing further expansion of our Grundartangi facility from 220,000 mtpy to 260,000 mtpy, our production capacity is scheduled to increase to 785,000 mtpy in the fourth quarter of 2007. In addition to our primary aluminum assets, we have 50 percent joint venture interests in an alumina refinery, located in Gramercy, Louisiana, and a related bauxite mining operation in Jamaica. The Gramercy refinery supplies substantially all of the alumina used for the production of primary aluminum at our Hawesville, Kentucky, primary aluminum facility.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. We have based these forward-looking statements 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, will, scheduled, potential and similar words. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other things, those outlined in our SEC filings incorporated by reference, as well as the following:

The cyclical nature of the aluminum industry causes variability in our earnings and cash flows;

The loss of a customer to whom we deliver molten aluminum would increase our production costs and potentially our sales and marketing costs;

Glencore owns a large percentage of our common stock and has the ability to influence matters requiring shareholder approval;

We enter into forward sales and hedging contracts with Glencore that help us manage our exposure to fluctuating aluminum prices. Because Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk;

We could suffer losses due to a temporary or prolonged interruption of the supply of electrical power to one or more of our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events;

Due to volatile prices for alumina and electricity, the principal cost components of primary aluminum production, our production costs could be materially impacted if we experience changes to or disruptions in our current alumina or power supply arrangements, production costs at our alumina refining operation increase significantly, or if we are unable to obtain economic replacement contracts for our alumina supply or power as those contracts expire;

By expanding our geographic presence and diversifying our operations through the acquisition of bauxite mining, alumina refining and additional aluminum reduction assets, we are exposed to new risks and uncertainties that could adversely affect the overall profitability of our business;

Changes in the relative cost of certain raw materials and energy compared to the price of primary aluminum could affect our margins;

Most of our employees are unionized and any labor dispute could materially impair our ability to conduct our production operations at our unionized facilities;

We are subject to a variety of existing environmental laws that could result in unanticipated costs or liabilities and our planned environmental spending over the next three years may be inadequate to meet our requirements;

We may not realize the expected benefits of our growth strategy if we are unable to successfully integrate the businesses we acquire;

We cannot guarantee that our subsidiary Nordural will be able to complete its planned expansion of the Grundartangi facility from 220,000 mtpy to 260,000 mtpy in the time forecast or without cost overruns; and

Our high level of indebtedness reduces cash available for other purposes and limits our ability to incur additional debt and pursue our growth strategy.

We believe the expectations reflected in our forward-looking statements are reasonable, based on information available to us on the date hereof. 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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The risks described in our other SEC filings should be considered when reading any forward-looking statements in this document.

USE OF PROCEEDS

Unless we specify otherwise in a prospectus supplement, we intend to use the net proceeds from the sale of our common stock under this prospectus for general corporate purposes, including capital expenditures. From time to time we evaluate the possibility of acquiring businesses and additional production facilities, and we may use a portion of the proceeds as consideration for such acquisitions. Until we use the proceeds for any purpose, we expect to invest them in interest-bearing securities.

DESCRIPTION OF STOCK

General

Our authorized capital stock consists of 100,000,000 shares of common stock, par value $0.01 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share. As of April 30, 2007, we had 32,585,080 shares of our common stock outstanding and 440,000 shares of our common stock issuable upon exercise of outstanding stock options under our stock option plans and approximately 520,000 shares of our common stock reserved for future issuance under our stock option plans and unvested shares of restricted stock.

The following summary description does not purport to be complete and is qualified in its entirety by the Delaware General Corporation Law, or DGCL, our restated certificate of incorporation and our amended and restated bylaws, which have been filed as exhibits to our filings with the SEC. See Where You Can Find More Information. Reference is made to the DGCL, our certificate of incorporation and our bylaws for a detailed description of the provisions we have summarized below.

Common Stock

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders, including the election of directors. Our certificate of incorporation does not provide for cumulative voting in the election of directors. Accordingly, holders of a majority of the shares of our common stock entitled to vote in any election of directors may elect all the directors standing for election. Subject to any preferential rights of any outstanding series of preferred stock created by our board of directors, the holders of our common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our board of directors from funds which are legally available for that purpose. Upon the liquidation, dissolution or winding up of Century Aluminum, the holders of our common stock are entitled to receive ratably any of our net assets available after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of our common stock have no preemptive, subscription, redemption or conversion rights. All shares of our common stock currently outstanding are, and those to be issued upon the completion of any offering under a prospectus supplement will be, fully paid and nonassessable. The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock which are currently outstanding or which we may designate and issue in the future. The rights, preferences and privileges of holders of our common stock may be modified, as permitted by the DGCL, by amendments to our certificate of incorporation or bylaws. Subject to the provisions of our certificate of incorporation, our bylaws may be altered, amended or repealed either by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board of directors, or by the affirmative vote of the holders of record of at least 662/3 percent of the voting power of the outstanding shares of capital stock of the corporation entitled to vote at an annual meeting or at any special meeting at which a quorum shall be present. Our certificate of incorporation may be amended, except as described below under Certain Provisions That May Have an Anti- Takeover Effect by resolution of our board of directors which is approved by a majority of the shares of capital stock entitled to vote thereon.

Our bylaws provide that annual meetings of stockholders will be held each year on such date, and at such time, as will be fixed by our board of directors. Written notice of the time and place of the annual meeting must generally be given by mail to each stockholder entitled to vote at least ten days prior to the date of the annual meeting. Our certificate of incorporation and bylaws also provide that, subject to the rights of the holders of any class or series of our preferred stock, special meetings of the stockholders may only be called pursuant to a resolution adopted by a majority of the board of directors or the executive committee. Stockholders are not permitted to call a special meeting or to require the board or executive committee to call a special meeting of stockholders.

Preferred Stock

Under our certificate of incorporation, our board of directors is authorized to issue up to 5,000,000 shares of preferred stock without any vote or action by the holders of our common stock. Our board of directors may issue preferred stock in one or more series and determine for each series the dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund terms and the number of shares constituting that series, as well as the designation thereof. Depending upon the terms of preferred stock established by our board of directors, any or all of the preferred stock could have preference over the common stock with respect to dividends and other distributions and upon the liquidation of Century. In addition, issuance of any shares of preferred stock with voting powers may dilute the voting power of the outstanding common stock.

Certain Provisions That May Have an Anti-Takeover Effect

The provisions of our certificate of incorporation and bylaws and the DGCL summarized in the following paragraphs may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

Issuance of preferred stock. Our certificate of incorporation provides our board of directors with the authority to issue shares of preferred stock and to set the voting rights, preferences and other terms thereof.

Business combinations. In addition to any affirmative vote required by law, our certificate of incorporation requires either: (1) the approval of a majority of the disinterested directors, (2) the approval of the holders of at least two-thirds of the aggregate voting power of the outstanding voting shares of Century, voting as a class, or (3) the satisfaction of certain minimum price requirements and other procedural requirements, as

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preconditions to certain business combinations with, in general, a person who is the beneficial owner of 10% or more of our outstanding voting stock.

Classified board. Our certificate of incorporation provides for a classified board of directors consisting of three classes as nearly equal in size as is practicable. Each class holds office until the third annual meeting for election of directors following the election of such class.

Number of directors; removal; vacancies. Our certificate of incorporation provides that the number of directors shall not be less than 3 nor more than 11. The directors shall have the exclusive power and right to set the exact number of directors within that range from time to time by resolution adopted by vote of a majority of the entire board of directors. The board can only be increased over 11 through amendment of our restated certificate of incorporation which requires a resolution of the board and the affirmative vote of the holders of at least two-thirds of the aggregate voting power of the outstanding shares of stock generally entitled to vote, voting as a class.

Our certificate of incorporation and bylaws further provide that directors may be removed only for cause and then only by the affirmative vote of the holders of at least two-thirds of the outstanding shares of stock generally entitled to vote, voting as a class. In addition, interim vacancies or vacancies created by an increase in the number of directors may be filled only by a majority of directors then in office. The foregoing provisions would prevent stockholders from removing incumbent directors without cause and filling the resulting vacancies with their own nominees.

No stockholder action by written consent; special meetings. Our certificate of incorporation generally provides that stockholder action may be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our certificate of incorporation and bylaws also provide that, subject to the rights of the holders of any class or series of our preferred stock, special meetings of the stockholders may only be called pursuant to a resolution adopted by a majority of the board of directors or the executive committee. Stockholders are not permitted to call a special meeting or to require the board or executive committee to call a special meeting of stockholders. Any call for a meeting must specify the matters to be acted upon at the meeting. Stockholders are not permitted to submit additional matters or proposals for consideration at any special meeting.

Stockholder proposals. The bylaws establish an advance notice procedure for nominations (other than by or at the direction of our board of directors) of candidates for election as directors at, and for proposals to be brought before, an annual meeting of stockholders. Subject to any other applicable requirements, the only business that may be conducted at an annual meeting is that which has been brought before the meeting by, or at the direction of, the board or by a stockholder who has given to the secretary of Century timely written notice, in proper form, of the stockholder s intention to bring that business before the meeting. In addition, only persons who are nominated by, or at the direction of, the board, or who are nominated by a stockholder who has given timely written notice, in proper form, to the secretary prior to a meeting at which directors are to be elected, will be eligible for election as directors.

Amendment of certain certificate provisions or bylaws. Our certificate of incorporation requires the affirmative vote of the holders of at least two-thirds of the aggregate voting power of the outstanding shares of our stock, voting as a class, generally entitled to vote to amend the foregoing provisions of our certificate of incorporation and the bylaws.

Section 203 of the DGCL. We are subject to Section 203 of the DGCL, which generally prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless: (1) prior to such date the board of directors of the corporation approved either the business combination or the transaction in which the person became an interested stockholder, (2) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the outstanding stock of the corporation, excluding shares owned by directors who are also officers of the corporation and shares owned by certain employee stock plans, or (3) on or after such date the business combination is approved by the board of directors of the corporation and by the affirmative vote of at least two-thirds of the outstanding voting stock of the corporation that is not owned by the interested stockholder. A business combination generally includes mergers, asset sales and similar transactions between the corporation and the interested stockholder, and other transactions resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns 15% or more of the corporation s voting stock or who is an affiliate or associate of the corporation and, together with his affiliates and associates, has owned 15% or more of the corporation s voting stock within three years.

The transfer agent and registrar for our common stock is Computershare Investor Services LLC.

PLAN OF DISTRIBUTION

We will set forth in the applicable prospectus supplement a description of the plan of distribution of the common stock that may be offered pursuant to this prospectus.

LEGAL MATTERS

The validity of the common stock offered through this prospectus will be passed upon for us by Pillsbury Winthrop Shaw Pittman LLP, San Francisco, California.

EXPERTS

The consolidated financial statements and the related financial statement schedule as of December 31, 2006 and 2005, and for each of the three years in the period ended December 31, 2006 and management s report on the effectiveness of internal control over financial reporting as of December 31, 2006 incorporated by reference in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports (1) express an unqualified opinion on the financial statements and include an explanatory paragraph relating to the Company s adoption of Statement of Financial Accounting Standard No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans,* (2) express an unqualified opinion on the financial statement schedule, (3) express an unqualified opinion on management s assessment regarding the effectiveness of internal control over financial reporting, and (4) express an unqualified opinion on the effectiveness of internal control over financial reporting) and have been so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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