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CENTURY ALUMINUM CO

Form 10-K

March 14, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

✓ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-34474

CENTURY ALUMINUM COMPANY

(Exact name of registrant as specified in its charter)

Delaware

13-3070826

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

One South Wacker Drive

Suite 1000

60606

Chicago, Illinois

(Zip Code)

(Address of registrant's principal offices)

Registrant's telephone number, including area code: (312) 696-3101

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:

Name of each exchange on which registered:

Common Stock, \$0.01 par value per share NASDAQ Stock Market LLC
(NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in a definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes
No

Based upon the closing price of the registrant's common stock on the NASDAQ Global Select Market on June 30, 2016, the approximate aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$313,000,000. As of March 1, 2017, 87,256,897 shares of common stock of the registrant were issued and outstanding.

Documents Incorporated by Reference:

All or a portion of Items 10 through 14 in Part III of this Form 10-K are incorporated by reference to the Registrant's definitive proxy statement on Schedule 14A for its 2017 Annual Meeting of Stockholders, which will be filed within 120 days after the close of the fiscal year covered by this report on Form 10-K, or if the Registrant's Schedule 14A is not filed within such period, will be included in an amendment to this Report on Form 10-K which will be filed within such 120 day period.

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Forward-Looking Statements

This Annual Report on Form 10-K includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to the "safe harbor" created by section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are statements about future events and are based on our current expectations. These forward-looking statements may be identified by the words "believe," "expect," "target," "anticipate," "intend," "plan," "seek," "estimate," "potential," "project," "scheduled," "forecast" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," "might," or "may."

Forward-looking statements in this Annual Report and in our other reports with the Securities and Exchange Commission (the "SEC"), for example, may include statements regarding:

- Future global and local financial and economic conditions;
- Our assessment of the aluminum market and aluminum prices (including premiums);
- The potential outcome of any trade claims to address excess capacity or unfair trade practices in the aluminum industry;
- The future financial and operating performance of the Company, its subsidiaries and its projects;
- Future earnings, operating results and liquidity;
- Future inventory, production, sales, cash costs and capital expenditures;
- Future impairment charges or restructuring costs;
- Our business objectives, strategies and initiatives, including our ability to achieve expected production levels, productivity improvements or cost reductions, and our competitive position and prospects;
- Our plans and expectations with respect to the future operation or potential curtailment of our U.S. assets, including our Hawesville, Mt. Holly and Sebree smelters;
- Our plans and expectations with respect to the sale or other disposition of our 40% interest in BHH;
- Our ability to procure alumina, carbon products and other raw materials and our assessment of pricing and costs and other terms relating thereto;
- Our ability to access existing or future financing arrangements;
- Our ability to repay debt in the future;
- Estimates of our pension and other postretirement liabilities and future payments, property plant and equipment impairment, environmental liabilities and other contingent liabilities and contractual commitments;
- Our ability to successfully manage transmission issues and market power price risk and to control or reduce power costs;
- Our assessment of power pricing and our ability to successfully obtain and/or implement long-term competitive power arrangements for our operations and projects, including at Mt. Holly;
- Negotiations with labor unions representing our employees;
- Our ability to successfully produce value-added products at our smelters;
- Future construction investment and development, including our ability to secure sufficient amounts of power, future capital expenditures, the costs of completion or cancellation, timing, production capacity and sources of funding;
- Our ability to derive benefit from acquisitions and to successfully integrate these operations with the rest of our business;
- The anticipated impact of recent accounting pronouncements or changes in accounting principles;
- Our anticipated tax liabilities, benefits or refunds including the realization of U.S. and certain foreign deferred tax assets;
- Our assessment of the ultimate outcome of outstanding litigation and environmental matters and liabilities relating thereto; and
- The effect of future laws and regulations.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Important factors that could cause actual results and

events to differ from those described in such forward-looking statements can be found in the risk factors and forward-looking statements cautionary language contained in Item 1A Risk Factors in this Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and in other filings made with the SEC. Although we have attempted to identify those material factors that could cause actual results or events to differ from those described in such forward-looking statements, there may be other factors that could cause results or events to differ from those anticipated, estimated or intended. Many of these factors are beyond our ability to control or predict. Given these uncertainties, the reader is cautioned not to place undue reliance on our forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

Throughout this Annual Report on Form 10-K, and unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum Company," "Century Aluminum," "Century," the "Company," "we," "us," and "our" refer to Century Aluminum Company and its subsidiaries.

Item 1. Business

Overview

Century Aluminum Company is a global producer of primary aluminum and operates aluminum reduction facilities, or "smelters," in the United States and Iceland. Our primary aluminum facilities produce standard-grade and value-added primary aluminum products. Our current annual primary production capacity is approximately 1,012,000 tonnes per year ("tpy"). We produced approximately 738,000 tonnes of primary aluminum in 2016.

In addition to our primary aluminum assets, we also own a carbon anode production facility located in the Netherlands ("Vlissingen") and hold a 40% interest in Baise Haohai Carbon Co., Ltd. ("BHH"), a joint venture that owns and operates a carbon anode and cathode facility located in China. Carbon anodes are used in the production of primary aluminum and both BHH and Vlissingen currently supply carbon anodes to our smelter in Grundartangi, Iceland. We operate our business through one reportable segment, primary aluminum. Additional information about our segment reporting and certain geographic information is available in Note 19 Business segments to the consolidated financial statements included herein.

Century Aluminum Company is a Delaware corporation with principal executive offices located at One South Wacker Drive, Suite 1000, Chicago, Illinois 60606.

Strategic Objective

Our strategic objective is to maximize the financial returns we generate for our stockholders by: (a) optimizing our safety and environmental performance; (b) improving our cost structure for our existing assets by managing costs and improving productivity and efficiency; (c) pursuing upstream investment opportunities in bauxite mining, alumina refining and the production of other key operating supplies; and (d) expanding our primary aluminum business by improving and investing in the facilities we currently own as well as constructing, investing in or acquiring additional capacity.

Primary Aluminum Facilities

Overview of Facilities

We operate three U.S. aluminum smelters, in Hawesville, Kentucky ("Hawesville"), Robards, Kentucky ("Sebree") and Goose Creek, South Carolina ("Mt. Holly"), and one smelter in Grundartangi, Iceland ("Grundartangi").

Grundartangi

The Grundartangi facility, located in Grundartangi, Iceland, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Nordural Grundartangi ehf, and is our most modern facility. Grundartangi is currently in the process of a multi-year expansion project that has brought the annual capacity from 280,000 tonnes to current capacity of 313,000 tonnes (2016 volume) and is expected to ultimately increase annual production capacity to approximately 325,000 tonnes. Grundartangi produces standard-grade aluminum and a primary foundry alloy product, which is a value-added product that is sold at a premium to standard-grade aluminum.

Grundartangi operates under various long-term permits and agreements with the Government of Iceland, local municipalities and Faxafloahafnir sf (which operates the harbor at Grundartangi and is jointly owned by several municipalities).

Hawesville

Hawesville, located adjacent to the Ohio River near Hawesville, Kentucky, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Century Kentucky, Inc. ("CAKY"). Hawesville has an annual production capacity of approximately 252,000 tonnes. Hawesville is our largest U.S. smelter and the largest producer of high purity

primary aluminum in North America. High purity primary aluminum is sold at a premium to standard-grade aluminum. Hawesville's specially configured facility is also capable of providing high-conductivity metal used in electrical wire and cable products as well as for certain aerospace applications. Approximately 60% of Hawesville's capacity has been curtailed since the fourth quarter of 2015. During 2016, Hawesville primarily produced high-purity aluminum and molten metal that is delivered directly to the customer's adjacent facility.

Sebree

Sebree, located adjacent to the Green River near Robards, Kentucky, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Century Aluminum Sebree LLC ("Century Sebree"). Sebree has an annual production capacity of approximately 218,000 tonnes. Sebree produces standard-grade aluminum that is cast into sow and value-added products, including billet, that are sold at a premium to standard-grade aluminum and molten metal that is delivered directly to the customer's nearby facility. In 2016, approximately 78% of Sebree's production was value-added products.

Mt. Holly

Mt. Holly, located in Goose Creek, South Carolina, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Century Aluminum of South Carolina, Inc. ("CASC"). Mt. Holly has an annual production capacity of approximately 229,000 tonnes. Mt. Holly is the most modern aluminum reduction facility in the United States.

Mt. Holly produces standard-grade aluminum that is cast into tee bars as well as several value-added products, including billet and foundry products. These value-added primary aluminum products are sold at a premium to standard-grade aluminum. In 2016, approximately 99% of Mount Holly's production was value-added products. The Mt. Holly facility is currently operating at 50% of capacity while CASC pursues a long-term power solution. See "Supply Contracts — Electrical Power Supply Agreements" below for further discussion of our power arrangements at Mt. Holly.

Primary Aluminum Production Capacity

Our primary aluminum smelters and their respective capacities are shown in the following table:

Facility	Location	Operational	Annual Production Capacity (tpy) (1)	Actual 2016 Annual Production	Ownership Percentage
Grundartangi	Grundartangi, Iceland	1998	313,000	313,000	100%
Hawesville	Hawesville, Kentucky, USA	1970	252,000	97,000	100%
Sebree	Robards, Kentucky, USA	1973	218,000	217,000	100%
Mt. Holly	Goose Creek, South Carolina, USA	1980	229,000	111,000	100%
	Total for all locations		1,012,000	738,000	

(1) The numbers in this column reflect each facility's highest annual production for the last five fiscal years through and including the fiscal year ended December 31, 2016.

Primary Aluminum Shipment Volume

The following table shows our primary aluminum shipment volumes since 2011.

(1) Shipment volumes for 2015 and 2016 reflect our acquisition of the remaining interest in Mt. Holly in December 2014 and the partial curtailment of our Hawesville and Mt. Holly operations during the fourth quarter of 2015.

Primary Aluminum Projects

Helguvik project

The Helguvik project is a greenfield project for an aluminum reduction facility in Helguvik, Iceland ("Helguvik" or the "Helguvik project"), owned by our wholly-owned subsidiary Nordural Helguvik ehf ("Nordural Helguvik"). Construction of the Helguvik project is currently curtailed. The Helguvik project site is located approximately 30 miles from the city of Reykjavik, Iceland.

We commenced construction of the Helguvik project in June 2008. In late 2008, we curtailed construction activity and spending on the project in response to the global financial crisis and deterioration of Icelandic economic conditions, including the financial condition of our contracted power suppliers. Construction activity and spending on the project have remained curtailed pending our ability to secure power delivery for the project at competitive prices. See "Electrical Power Supply Agreements" below for further discussion of our power arrangements at Helguvik. See Item 1A Risk Factors — "If we are unable to procure a reliable source of power, the Helguvik project may be further delayed or ultimately may not be feasible which could increase the cost of the project and could expose us to other risks, some of which may not be foreseeable at this time."

Carbon Products Facilities

In addition to our primary aluminum assets, we also own a carbon anode production facility located in Vlissingen, the Netherlands, and a 40% interest in BHH, a joint venture that owns and operates a carbon anode and cathode facility located in the Guangxi Zhuang Autonomous Region of south China.

Vlissingen

Vlissingen is a carbon anode production facility owned and operated by Century Aluminum Vlissingen B.V.

Vlissingen has an annual carbon anode production capacity of 145,000 tonnes.

Baise Haohai Carbon Company, Ltd.

BHH is a carbon anode and cathode facility which commenced operations in 2008. BHH is operated as a joint venture between one of our wholly-owned subsidiaries, which owns a 40% stake in the company, and Guangxi Qiangqiang Carbon Co., Ltd., which holds the remaining 60% ownership interest and is the operator of this facility. The BHH facility has an annual carbon anode production capacity of 180,000 tonnes and an annual cathode baking and graphitization capacity of 20,000 tonnes.

Carbon Anode and Cathode Production Capacity

Our carbon anode and cathode production facilities and their respective capacities are shown in the following table:

Facility	Location	Type	Annual Production Capacity (tpy) (1)	Ownership Percentage
Vlissingen	Vlissingen, the Netherlands	Carbon anodes	145,000	100%
BHH	Guangxi Zhuang, China	Carbon anode, cathode and graphitized products	180,000 anode; 20,000 cathode/graphitized products	40%

(1) The numbers in this column reflect each facility's rated production capacity.

Pricing

Primary aluminum is an internationally traded commodity and its price is effectively determined on the London Metal Exchange (the "LME") and other exchanges, plus any regional delivery premiums and value-added product premiums. Our operating results are highly sensitive to changes in the LME price of primary aluminum and the value of regional delivery and product premiums, as well as the cost of electrical power, raw materials and other operating supplies used in production. As a result, from time to time, we assess the appropriateness of mitigating the effects of fluctuations in these items through the use of various fixed-price commitments and financial instruments.

Customer Base

For the year ended December 31, 2016, we derived approximately 89% of our consolidated net sales from sales to Glencore plc and its affiliates (together, "Glencore").

Glencore purchased substantially all of the aluminum produced at our North American smelters during 2016 under the terms of that certain purchase and sale agreement, effective as of December 31, 2014 (the "2015-2016 US Sales Agreement"). The 2015-2016 US Sales Agreement expired on December 31, 2016. We have since entered into a new agreement with Glencore pursuant to which Glencore has agreed to continue to purchase a substantial portion of our aluminum products produced at our North American smelters in 2017. The pricing for aluminum sold under these agreements is determined by reference to the LME price for primary aluminum, plus the Midwest regional delivery premium (the "Midwest Transaction Price") plus additional product premiums based on market terms.

Glencore has also agreed to purchase substantially all primary aluminum produced at Grundartangi through 2017 at market prices (the "Glencore Grundartangi Metal Agreement"). The price for aluminum delivered to Glencore under the Glencore Grundartangi Metal Agreement is determined by reference to the LME price for primary aluminum, plus the European Duty Paid Price ("EDPP") premium and any applicable product premiums based on market terms. We were also

party to a tolling agreement with Glencore for 90,000 tpy through June 2016. Under this agreement, Glencore provided Grundartangi alumina for processing and received primary aluminum in return for tolling fees that were based on the price of primary aluminum plus any applicable premiums.

Glencore purchases the aluminum we produce for resale to end users.

Energy, Key Supplies and Raw Materials

We consume the following key supplies, energy and raw materials in the primary aluminum reduction process:

electrical power carbon anodes liquid pitch
 alumina cathode blocks calcined petroleum coke
 aluminum fluoride natural gas silicon carbide

Electrical power, alumina, carbon anodes and labor are the principal components of our cost of goods sold. These components together represented over 75% of our cost of goods sold for the year ended December 31, 2016. For a description of certain risks related to our raw materials, supplies and labor, see Item 1A Risk Factors in this Annual Report on Form 10-K.

Alumina Supply Agreements

A summary of our alumina supply agreements is provided below:

Supplier	Quantity	Term	Pricing (2)
Glencore (1)	Variable	Through December 31, 2017	Variable, API-based
Gramercy Holdings I LLC	Approximately 600,000 tpy	Through December 31, 2019	Variable, API-based
Hydro Aluminum International SA	Approximately 90,000 tpy	Through December 31, 2017	Variable, API-based

(1) Under the terms of this agreement, Glencore will provide alumina supply for all of Century's requirements during the contract term, net of the other existing contractual commitments set forth above.

(2) Pricing is based on a published alumina index ("API").

Electrical Power Supply Agreements

The table below summarizes our long-term power supply agreements:

Facility	Supplier	Term	Pricing
Grundartangi	Landsvirkjun Orkuveita Reykjavíkur ("OR") HS Orka hf ("HS") Kenergy	Through 2023 - 2036	Variable rate based on (i) the LME price for primary aluminum or (ii) the Nord Pool power market for 161MW of Landsvirkjun supply post-2019
Hawesville	Corporation ("Kenergy")	Through December 31, 2023	Variable rate based on market prices
Sebree	Kenergy South Carolina	Through December 31, 2023	Variable rate based on market prices
Mt. Holly	Public Service Authority	Through December 31, 2018	Variable rate based in part on a cost of service charge and in part on natural gas prices
Helguvik	OR	Approximately 25 years from the dates of each phase of power delivery	Variable rate based on the LME price for primary aluminum

Electrical power represents one of the largest components of our cost of goods sold. We may enter into forward contracts or other hedging arrangements to mitigate our electrical power or natural gas price risk, but did not hold any such contracts as of December 31, 2016. The paragraphs below summarize the sources of power and the long-term power arrangements for each of our operations.

Grundartangi. Power is currently supplied to Grundartangi from hydroelectric and geothermal sources under long-term power purchase agreements with HS, Landsvirkjun and OR at prices indexed to the price of primary aluminum, which provides a natural hedge of our largest production cost. Beginning in November of 2019, our contract with Landsvirkjun (covering approximately 30% of our current power requirements at Grundartangi) will be priced based on the market price for power in the Nord Pool power market, the trading market for power in the Nordic countries and certain other areas of Europe. These power purchase agreements expire on various dates from 2023 through 2036 (subject to extension). Each power purchase agreement contains take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreement.

Hawesville. CAKY is party to a power supply arrangement with Kenergy and EDF Trading North America, LLC ("EDF") which provides market-based power to the Hawesville smelter. Under this arrangement, the power companies purchase power on the open market and pass it through to Hawesville at Midcontinent Independent System Operator ("MISO") pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2018, extending year to year thereafter unless a one year notice is given.

Sebree. Century Sebree is party to a power supply arrangement with Kenergy and EDF which provides market-based power to the Sebree smelter. Similar to the arrangement at Hawesville, the power companies purchase power on the open market and pass it through to Sebree at MISO pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2018, extending year to year thereafter unless a one year notice is given.

Mt. Holly. CASC is party to a power agreement with the South Carolina Public Service Authority ("Santee Cooper") for power to the Mt. Holly smelter. Under this contract, 25% of Mt. Holly's electric power requirements is supplied from Santee Cooper's generation at cost-of-service based rates. The remaining 75% of Mt. Holly's electric power requirements is supplied from third-party generation at rates based on natural gas prices. The agreement with Santee Cooper has a term through December 31, 2018; the current third party supply contract has a term through December 31, 2017. Each of these agreements can be terminated by Mt. Holly on 60 days' notice.

Mt. Holly's inability to access the open market for 100% of its power requirements significantly impacts its ability to be competitive in the aluminum industry and puts its continued operation at risk. As a result of such uncompetitive power prices, Mt. Holly has already curtailed 50% of its production capacity. In January 2017, we filed an antitrust lawsuit against Santee Cooper seeking damages and injunctive relief, including the ability to purchase 100% of Mt.

Holly's power from the open

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market. See Item 1A Risk Factors — "If we are unable to enter into a long term, market-based power arrangement for Mt. Holly, we may choose, or be forced, to curtail operations at the plant."

Helguvik. Nordural Helguvik is party to a power agreement with OR for a portion of Helguvik's expected power requirements to the Helguvik project. The agreement would provide a portion of Helguvik's power at LME-based variable rates and contains take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreements. The first stage of power under the OR power purchase agreement (approximately 47.5 MW) became available in the fourth quarter of 2011 and is currently being utilized at Grundartangi. The agreement contains certain conditions to OR's obligations with respect to the remaining phases. We are in discussions with OR with respect to such conditions and other matters pertaining to this agreement. In November, 2016, an arbitration panel ruled that Nordural Helguvik's power agreement with HS Orka hf ("HS") was no longer in force. See Item 1A Risk Factors — "If we are unable to procure a reliable source of power, the Helguvik project may be further delayed or ultimately may not be feasible which could increase the cost of the project and could expose us to other risks, some of which may not be foreseeable at this time."

See Note 15 Commitments and contingencies to the consolidated financial statements included herein for additional information concerning our power arrangements.

Employees

As of December 31, 2016, we had 1,741 employees.

Labor Agreements

The bargaining unit employees at our Grundartangi, Hawesville and Sebree smelters and our Vlissingen carbon anode facility, representing approximately 63% of our total workforce, are represented by labor unions. Our employees at Mt. Holly are not represented by a labor union.

A summary of our key labor agreements is provided below:

Facility	Organization	Term
Grundartangi	Icelandic labor unions	Through December 31, 2019
Hawesville	USW	Through April 1, 2020
Sebree	USW	Through October 28, 2019
Vlissingen	FME	Through June 1, 2018

Approximately 83% of Grundartangi's workforce is represented by five labor unions, governed by a labor agreement that establishes wages and work rules for covered employees. The current labor agreement is effective through December 31, 2019.

100% of Vlissingen's workforce is represented by the FME. The FME negotiates working conditions with trade unions on behalf of its members. The current agreement with the FME is effective through June 1, 2018.

Approximately 54% of our U.S. based workforce is represented by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW"). CAKY's Hawesville employees represented by the USW are under a collective bargaining agreement that expires on April 1, 2020.

Century Sebree's employees represented by USW are under a collective bargaining agreement that expires on October 28, 2019.

Competition

The market for primary aluminum is global, and demand for aluminum varies widely from region to region. We compete with U.S. and international companies in the aluminum industry as well as with materials such as steel, copper, carbon fiber, composites, plastic and glass, each of which may be substituted for aluminum in certain applications.

Our U.S. facilities benefit from the proximity to our U.S. customer base, allowing us to capture the Midwest regional delivery premium and providing a competitive advantage in freight costs over our competitors. The proximity to our customers also allows our Hawesville and Sebree plants to deliver a portion of their production in molten form, saving casting costs, and providing a competitive advantage over other potential suppliers.

In Iceland, our proximity to European markets provides a competitive advantage for Grundartangi including logistical benefits compared to our competitors outside the European Economic Area ("EEA"). As a member of the EEA, Iceland has duty free access to these European markets.

For additional information, see Item 1A Risk Factors — "We may be unable to continue to compete successfully in the highly competitive markets in which we operate."

Financial Information about Segments and Geographic Areas

We operate in one reportable segment, primary aluminum. Additional information about our segment reporting and certain geographic information is available in Note 19 Business segments to the consolidated financial statements included herein.

Environmental Matters

We are subject to various environmental laws and regulations in the countries in which we operate. We have spent, and expect to continue to spend, significant amounts for compliance with those laws and regulations. In addition, some of our past manufacturing activities have resulted in environmental consequences that require remedial measures. Under certain environmental laws, which may impose liability regardless of fault, we may be liable for the costs of remediation of contaminated property, including our current and formerly owned or operated properties or adjacent areas, or for the amelioration of damage to natural resources. We believe, based on currently available information, that our current environmental liabilities are not likely to have a material adverse effect on Century. However, we cannot predict the requirements of future environmental laws and future requirements at current or formerly owned or operated properties or adjacent areas or the outcome of certain existing litigation to which we are a party. Such future requirements or events may result in unanticipated costs or liabilities that may have a material adverse effect on our financial condition, results of operations or liquidity. More information concerning our environmental contingencies can be found in Note 15 Commitments and contingencies to the consolidated financial statements included herein.

Intellectual Property

We own or have rights to use a number of intellectual property rights relating to various aspects of our operations. We do not consider our business to be materially dependent on any of these intellectual property rights.

Disclosure Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRA"), effective August 10, 2012, added a new subsection (r) to Section 13 of the Exchange Act, which requires issuers that file periodic reports with the SEC to disclose in their annual and quarterly reports whether, during the reporting period, they or any of their "affiliates" (as defined in Rule 12b-2 under the Exchange Act) have knowingly engaged in specified activities or transactions relating to Iran, including activities not prohibited by U.S. law and conducted outside the U.S. by non-U.S. affiliates in compliance with applicable laws. Issuers must also file a notice with the SEC if any disclosable activity under ITRA has been included in an annual or quarterly report.

Because the SEC defines the term "affiliate" broadly, our largest stockholder may be considered an affiliate of the Company despite the fact that the Company has no control over its largest stockholder's actions or the actions of its affiliates. As such, pursuant to Section 13(r)(1)(D)(iii) of the Exchange Act, the Company hereby discloses the following information provided by our largest stockholder regarding transactions or dealings with entities controlled by the Government of Iran ("the GOI"):

During the year ended December 31, 2016, non-U.S. affiliates of the largest stockholder of the Company ("the non-U.S. Stockholder Affiliates") entered into sales and purchase contracts for agricultural products, metals, minerals, oil and oil products with, or for delivery to or from Iranian entities wholly or majority owned by the GOI. The non-U.S. Stockholder Affiliates performed their obligations under the contracts in compliance with applicable sanction laws and, where required, with the necessary prior approvals by the relevant governmental authorities. The gross revenue of the non-U.S. Stockholder Affiliates related to the contracts did not exceed the value of USD \$1.1 billion for the year ended December 31, 2016.

The non-U.S. Stockholder Affiliates do not allocate net profit on a country-by-country or activity-by-activity basis, but estimate that the net profit attributable to the contract would not exceed a small fraction of the gross revenue from such contract. It is not possible to determine accurately the precise net profit attributable to such contracts.

The contracts disclosed above do not violate applicable sanctions laws administered by the U.S. Department of the Treasury, Office of Foreign Assets Control, and are not the subject of any enforcement action under Iran sanction laws.

In compliance with applicable economic sanctions and in conformity with US secondary sanctions, the non-U.S. Stockholder Affiliates expect to continue to engage in similar activities in the future.

The Company and its global subsidiaries had no transactions or activities requiring disclosure under ITRA, nor were we involved in the transactions described in this section. As of the date of this report, the Company is not aware of any other activity, transaction or dealing by it or any of its affiliates during the year ended December 31, 2016 that requires disclosure in this report under Section 13(r) of the Exchange Act.

Available Information

Additional information about Century may be obtained from our website, which is located at www.centuryaluminum.com. Our website provides access to periodic filings we have made through the EDGAR filing system of the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports. We also make available on our website a copy of our code of ethics that applies to all employees and ownership reports filed on Forms 3, 4 and 5 by our directors, executive officers and beneficial owners of more than 10% of our outstanding common stock. Reports that we have filed with the SEC are also available on the SEC website at www.sec.gov. In addition, we will make available free of charge copies of our Forms 10-K, Forms 10-Q and Forms 8-K upon request. Requests for these documents can be made by contacting our Investor Relations Department by mail at: One South Wacker Drive, Suite 1000, Chicago, IL 60606, or by phone at: (312) 696-3101. Information contained in our website is not incorporated by reference in, and should not be considered a part of, this Annual Report on Form 10-K.

Item 1A. Risk Factors

The following describes certain of the risks and uncertainties we face that could materially and adversely affect our business, financial condition and results of operation, and cause our future results to differ materially from our current results and from those anticipated in our forward-looking statements. These risk factors should be considered together with the other risks and uncertainties described in Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere herein. This list of significant risk factors is not all-inclusive or necessarily in order of importance.

Declines in aluminum prices could have a material adverse effect on our earnings and cash flows.

Our operating results depend on the market for primary aluminum. Primary aluminum is a globally traded commodity and its price is effectively determined on the London Metal Exchange (the "LME") and other exchanges, plus any regional delivery premiums and value-added product premiums. Because primary aluminum is a global commodity, the price for aluminum can be volatile and subject to many factors beyond our control. This price volatility is influenced by a number of factors, including global supply-demand balance, speculative activities by market participants, production activities by competitors, political and economic conditions, as well as production costs in major production regions. The price of primary aluminum may also be impacted by inventory levels. High inventory levels, or the release of such inventory into the market, may cause primary aluminum prices and regional delivery and product premiums to decline.

During 2016, the average LME price for primary aluminum was \$1,604 per tonne, compared to \$1,663 per tonne in 2015 and \$1,867 per tonne in 2014. During 2016, the average U.S. Midwest premium was \$169 per tonne, compared to \$279 per tonne in 2015 and \$450 per tonne in 2014. European Duty Paid Premiums showed similar price declines. There can be no assurance that recent volatility in the price of aluminum will not continue.

Declines in the aluminum price have a direct impact on our results of operations. As a result of such declines, we have curtailed production at our Hawesville smelter, which is currently operating at approximately 40% of capacity, and have taken other actions to reduce our cost of production, including deferring certain capital expenditures and maintenance costs and implementing workforce reductions. If aluminum prices remain depressed, we may be forced to further curtail our operations and implement additional cost cutting measures. We cannot defer such costs indefinitely and if we are forced to resume incurring such costs at a time when aluminum prices remain depressed it could have a material adverse effect on our business, financial position, results of operations and liquidity. Further, deferring such costs could ultimately result in higher capital expenditures and maintenance costs in the future than would have been incurred had such costs not been deferred. There can be no assurance that the temporary cost savings will not be outweighed by the long-term impact of these actions.

Declines in aluminum prices (and regional delivery, product and other premiums) may materially and adversely affect our liquidity, the amount of cash flow we have available for our capital expenditures and other operating expenses, our ability to access the credit and capital markets and our results of operations.

Chinese excess capacity and over production and exports of heavily subsidized and unfairly traded Chinese aluminum products may continue to materially disrupt world aluminum markets causing further price deterioration and, in turn, adversely impact our sales, margins and profitability.

World aluminum prices have been significantly depressed due to large amounts of excess Chinese capacity and over production and exports of unfairly traded Chinese aluminum products. Aluminum production in China exceeds demand in China and significant amounts of such production would not be possible without financial and other support from the Chinese central and provincial governments. This oversupply has caused world aluminum prices to be significantly depressed. Further, Chinese exports of this heavily subsidized material have caused further downward pressure on aluminum pricing. There can be no assurance that this trend of over production and high levels of exports out of China will not continue. Continued Chinese over production and the improper export of heavily subsidized Chinese aluminum products may continue to materially disrupt world aluminum markets resulting in depressed prices and, in turn, materially adversely impacting our sales, margins and profitability.

Increases in energy costs adversely affect our business.

Electrical power represents one of the largest components of our cost of goods sold. As a result, the availability of electricity at competitive prices is critical to the profitability of our operations.

Our Hawesville and Sebree plants receive all of their electricity requirements under market-based electricity contracts and our Mt. Holly plant receives 75% of its electricity requirements under a market-based contract. Market-based electricity contracts expose us to market price volatility and fluctuations driven primarily by coal and natural gas prices and weather-influenced electric loads. In 2015 and 2016, both coal and natural gas prices were relatively low, weather conditions were moderate and the energy prices we realized under these agreements were competitive. However, electrical power prices can fluctuate (for instance, as a result of extreme weather conditions), without any direct relationship to the price of aluminum. There can be no assurance that our market-based power supply arrangements at our Hawesville, Sebree and Mt. Holly plants will result in favorable electricity costs.

Power is currently supplied to Grundartangi from hydroelectric and geothermal sources under long-term power purchase agreements with HS Orka hf ("HS"), Landsvirkjun and Orkuveita Reykjavíkur ("OR") at prices indexed to the price of primary aluminum. Linking the price of power to the price of aluminum provides a "natural hedge" of our largest production cost. Beginning in November 2019, one of our contracts with Landsvirkjun (covering approximately 30% percent of our current power requirements at Grundartangi) will be priced based on the market price for power in the Nord Pool power market, which will expose us to market price volatility and fluctuations based on the market price for power in the Nordic countries and certain other areas of Europe. These markets can fluctuate significantly. Any increase in our electricity and energy prices could have a material adverse effect on our business, financial position, results of operations and liquidity.

If we are unable to enter into a long term, market-based, power arrangement for Mt. Holly, we may choose, or be forced, to curtail operations at the plant.

Mt. Holly is currently required to purchase 25% of its power requirements from Santee Cooper's generation at a standard cost-based industrial rate, which is the highest rate paid for power by any U.S. smelter and substantially higher than the rate Mt. Holly pays for market power. Mt. Holly's inability to access the open market for 100% of its power requirements significantly impacts its ability to be competitive in the aluminum industry. As a result of such uncompetitive power prices, Mt. Holly has already curtailed 50% of its production capacity. In January 2017, we filed an antitrust lawsuit against Santee Cooper seeking damages and injunctive relief, including the ability to purchase 100% of Mt. Holly's power from the open market. As a result of such lawsuit, Santee Cooper may seek to take actions detrimental to Mt. Holly, including altering the terms and price of its current service to Mt. Holly. There can be no assurance that we will be successful in this lawsuit or how long it may take to come to resolution. If we are unable to secure a long term power arrangement for Mt. Holly on competitive terms we may choose, or be forced, to curtail operations at the plant.

Closure of the Mt. Holly facility would impose various costs on us that could have a material adverse effect on our business, financial condition, results of operations and liquidity and could cause us to write down the book value of the Mt. Holly facility. In addition, the ongoing uncertainty regarding the future operation of Mt. Holly may damage our relationships with our customers, suppliers, employees and other stakeholders and decrease the price we receive for our products, whether or not Mt. Holly is ultimately closed. Such actions and events could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Curtailed production of aluminum at our facilities could have a material adverse effect on our business, financial position, results of operations and liquidity.

The continued operation of our smelters depends on the market for primary aluminum and our underlying cost of production. Due to significant declines in the aluminum price during 2015, we made the decision to curtail 60% of production at our Hawesville smelter. We are also currently operating our Mt. Holly smelter at 50% capacity as a result of uncompetitive power prices. There can be no assurance that continued or future deterioration in the price of aluminum or increases in our costs of production will not result in additional production curtailments at our smelters. Curtailing production requires us to incur substantial expenses, both at the time of the curtailment and on an ongoing basis. Our facilities are subject to contractual and other fixed costs that continue even if we curtail operations at these facilities. These costs reduce the cost saving advantages of curtailing unprofitable aluminum production. If we are unable to realize the intended cost saving effects of any production curtailment, we may have to seek bankruptcy protection or be forced to divest some or all of our assets. The process of restarting production following curtailment is also expensive and time consuming. As a result, any decision to restart production would likely require market conditions significantly better than the market conditions at the time the decision to curtail was made. Any

curtailments of our operations, or actions taken to seek bankruptcy protection or divest some or all of our assets, could have a material adverse effect on our business, financial position, results of operations and liquidity.

Losses caused by disruptions in our supply of power would adversely affect our operations.

We use large amounts of electricity to produce primary aluminum. Any loss or disruption of the power supply which reduces the amperage to our equipment or causes an equipment shutdown would result in a reduction in the volume of molten aluminum produced, and prolonged losses of power may result in the hardening or "freezing" of molten aluminum in the pots where it is produced, which could require an expensive and time consuming restart process. Disruptions in the supply of electrical power to our facilities can be caused by a number of circumstances, including unusually high demand, blackouts, equipment or transformer failure, human error, malicious acts, natural disasters or other catastrophic events. Our market-based power supply arrangements further increase the risk that disruptions in the supply of electrical power to our domestic operations could occur. Under these arrangements, we have greater exposure to transmission line outages, problems with grid stability and limitations on energy import capability. An alternative supply of power in the event of a disruption may not be feasible. If a disruption in the supply of electrical power at one of our facilities were to occur, we may lose production for a prolonged period of time, experience pot instability that could decrease levels of productivity and incur significant losses. Such a condition may also force a curtailment of all or part of the production at any of these facilities and could have a material adverse effect on our business, financial position, results of operations and liquidity.

We operate our plants at close to peak amperage. Accordingly, even partial failures of high voltage equipment could affect our production. We maintain property and business interruption insurance to mitigate losses resulting from catastrophic events, but are required to pay significant amounts under the deductible provisions of those insurance policies. In addition, the coverage under those policies may not be sufficient to cover all losses, or may not cover certain events. Certain of our insurance policies do not cover any losses that may be incurred if our suppliers are unable to provide power under certain circumstances. Certain losses or prolonged interruptions in our operations may trigger a default under certain of our outstanding indebtedness and could have a material adverse effect on our business, financial position, results of operations and liquidity.

If we are unable to procure a reliable source of power, the Helguvik project may be further delayed or ultimately may not be feasible which could increase the cost of the project and could expose us to other risks, some of which may not be foreseeable at this time.

The Helguvik project would require generation and transmission of a substantial amount of electricity to power the smelter. Currently, we only have contracted power with one power supplier and this power supplier has alleged that certain conditions to the delivery of power under the power agreement have not yet been satisfied. There is only a limited number of Icelandic power providers with resources sufficient to provide power to the Helguvik project (only three are currently in operation in Iceland) and development of new generation and transmission infrastructure is expensive and subject to unknown risks and uncertainties. If we are unable to reach agreement with our current power supplier and/or secure alternative sources of power, we may substantially increase our expected power costs for the project and may be unable to complete the Helguvik project at all.

In addition, if Nordural Helguvik is unable to proceed with the Helguvik project, it may be exposed to significant contract cancellation and other costs incurred by third-party providers under agreements entered into in connection with the Helguvik project and could remain subject to significant power commitments already confirmed under its existing power agreement.

Nordural Helguvik cannot be certain when or if it will restart major construction and engineering activities or ultimately complete the Helguvik project or, if completed, that the Helguvik smelter would operate in a profitable manner. We will not realize any return on our significant investment in the Helguvik project unless and until we are able to commence Helguvik operations in a profitable manner. Any failure to complete the Helguvik project, or any further delays in completing the project, could have a material adverse effect on our business, financial condition, results of operations and liquidity.

We may be unable to realize the expected benefits of our capital projects.

From time to time, we undertake strategic capital projects in order to enhance, expand and/or upgrade our facilities and operational capabilities. For instance, within the past several years we have undertaken major expansions of our Grundartangi and Vlissingen facilities. Our ability to achieve the anticipated increased revenues or otherwise realize acceptable returns on these investments or other strategic capital projects that we may undertake is subject to a number of risks, many of which are beyond our control, including a variety of market, operational, permitting, and labor-related factors. In addition, the cost to implement any given strategic capital project ultimately may prove to be greater than originally anticipated. If we are not able to achieve the anticipated results from the implementation of any of our strategic capital projects, or if we incur unanticipated implementation costs or delays, our results of operations and financial position may be materially adversely affected.

Our failure to maintain satisfactory labor relations could adversely affect our business.

The bargaining unit employees at our Grundartangi, Hawesville, Sebree and Vlissingen facilities are represented by labor unions, representing 63% of our total workforce as of December 31, 2016. If we fail to maintain satisfactory relations with any labor union representing our employees, our labor contracts may not prevent a strike or work stoppage at any of these facilities in the future. As part of any negotiation with a labor union, we may reach agreements with respect to future wages and benefits that may have a material adverse effect on our future business, financial condition, results of operations and liquidity. In addition, negotiations could divert management attention or result in strikes, lock-outs or other work stoppages. Any threatened or actual work stoppage in the future or inability to renegotiate our collective bargaining agreements could prevent or significantly impair our ability to conduct production operations at our facilities subject to these collective bargaining agreements, which could have a material adverse effect on our business, financial position, results of operations and liquidity.

Disruptions to, or other changes in the terms of, our raw material and electrical power supply arrangements could increase our production costs.

Our business depends upon the adequate supply of alumina, electrical power, aluminum fluoride, calcined petroleum coke, pitch, carbon anodes and cathodes and other materials at competitive prices. Disruptions to the supply of these production inputs could occur for a variety of reasons, including disruptions of production at a particular supplier's facility or power plant. Any supply disruption may require us to purchase these products on less favorable terms than under our current agreements due to the limited number of suppliers of these products or other market conditions. In some instances, we may be unable to secure alternative supply of these resources. Any disruption in our materials or electricity supply may adversely affect our operating results if we are unable to secure alternate supplies of materials or electrical power at comparable prices or at all.

The availability of our raw materials at competitive prices is also critical to the profitability of our operations and increases in pricing could have a material adverse effect on our business, financial position, results of operations and liquidity. Some of our supply agreements have variable pricing and can be subject to factors beyond our control. For example, the pricing under our current alumina supply contracts is based on a published alumina index. As a result, we are exposed to market price volatility and fluctuations. Because we sell our products based on the LME price for primary aluminum, we would not be able to pass on any increased costs of raw material that are not linked to the LME price to our customers.

For some of these production inputs, such as power, alumina and anode supply, we rely on a limited number of suppliers. Many of our supply agreements are short term or expire in the next few years. We can provide no assurance that we will be able to renew such agreements at commercially favorable terms, if at all.

Certain of our raw material and services contracts contain "take-or-pay" obligations

We have obligations under certain contracts to take-or-pay for specified raw materials or services over the term of those contracts regardless of our operating requirements. To the extent that we curtail production at any of our operations, we may continue to be obligated to take or pay for goods or services under these contracts as if we were operating at full production which reduces the cost savings advantages of curtailing aluminum production. Our financial position and results of operations may also be adversely affected by the market price for such materials or services as we will continue to incur costs under these contracts to meet or settle our contractual take-or-pay obligations. If we were unable to use such materials or services in our operations or sell them at prices consistent with or greater than our contract costs, we could incur significant losses under these contracts. In addition, these

commitments may also limit our ability to take advantage of favorable changes in the market prices for such materials and may have a material adverse effect on our business, financial position, results of operations and liquidity.

We have historically derived substantially all of our revenue from a small number of customers, and we could be adversely affected by the loss of a major customer or changes in the business or financial condition of our major customers.

We have historically derived substantially all of our consolidated net sales from a small number of customers. In 2014, 77% of our consolidated net sales was derived from our top two customers. For the years ended December 31, 2015 and December 31, 2016, we derived approximately 96% and 89%, respectively, of our consolidated net sales from Glencore and we currently have agreements in place with Glencore pursuant to which we have agreed to sell Glencore a substantial portion of our 2017 production as well. We expect that the rest of our 2017 customer base will remain fairly concentrated among a small number of customers under short-term contracts.

Any material non-payment or non-performance by one of these customers, a significant dispute with one of these customers, a significant downturn or deterioration in the business or financial condition of any of these customers, early termination of our sales agreement with any of these customers, or any other event significantly negatively impacting the contractual relationship with one of these customers could adversely affect our financial condition and results of operations. If, in such an event, we are unable to sell the affected production volume to another customer, or we sell the affected production to another customer on terms that are materially less advantageous to us, our revenues could be negatively impacted.

Our business is subject to operational risks that could adversely affect our business and our insurance may not cover these risks and hazards adequately or at all.

The production of aluminum involves significant operational risks such as accidents, supply interruptions, transportation interruptions, labor disputes, human error, equipment failure, information system breakdowns and other events. Operational malfunctions or interruptions at one or more of our facilities could result in substantial losses in our production capacity, personal injury or death, damage to our properties or the properties of others, monetary losses and potential legal liability. Although we maintain insurance to mitigate losses resulting from such events, our coverage may not be sufficient to cover all losses, may have high deductibles or may not cover certain events at all. To the extent these losses are not covered by insurance, our financial condition, results of operations and cash flows could be materially and adversely affected.

Existing and/or new LME warehousing rules could cause aluminum prices to decrease.

The LME has adopted rules regulating the way registered warehouses in its global network operate. Such rules, for example, require warehouses, under certain conditions, to deliver out more aluminum than they take in and have also imposed minimum daily load-out rates and caps on warehouse charges. These or other new rules could cause an increase in the supply of aluminum to enter the physical market and may cause regional delivery premiums, product premiums and LME aluminum prices to fall. Declines in aluminum prices (and regional delivery, product and other premiums) may materially and adversely affect our liquidity, the amount of cash flow we have available for our capital expenditures and other operating expenses, our ability to access the credit and capital markets and our results of operations.

International operations expose us to political, regulatory, currency and other related risks.

We receive a significant portion of our revenues from our international operations, primarily in Iceland. These operations expose us to risks, including unexpected changes in foreign laws and regulations, political and economic instability, challenges in managing foreign operations, increased costs to adapt our systems and practices to those used in foreign countries, taxes, export duties, currency restrictions and exchange, tariffs and other trade barriers, and the burdens of complying with a wide variety of foreign laws and regulations. Changes in foreign laws and regulations are generally beyond our ability to control, influence or predict and future adverse changes in these laws could have a material adverse effect on our business, financial position, results of operations and liquidity.

In addition, we may be exposed to fluctuations in currency exchange rates. As a result, an increase in the value of foreign currencies relative to the U.S. dollar could increase our operating expenses which are denominated and payable in those currencies. As we continue to explore other opportunities outside the U.S., including the expansion project at Grundartangi, our currency risk with respect to the Icelandic krona ("ISK"), the euro and other foreign currencies will significantly increase.

If economic, financial and political conditions in Iceland were to deteriorate, our financial position and results of operations could be adversely impacted.

Iceland is important to our business. Disruptions in Iceland's economic, financial and political systems may decrease the stability of Iceland's economy and financial markets and make cash management activities in Iceland more challenging. We currently maintain essentially all of our Icelandic operating funds in accounts outside of Iceland, and are receiving substantially

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all of our customer payments in such accounts, but a portion of our funds remain in the Icelandic banks to meet local working capital requirements. As payables become due in Iceland, we must transfer funds through the Icelandic banking system. If economic, financial or political conditions in Iceland were to deteriorate, or if counterparties and lenders become unwilling to engage in normal banking relations with and within Iceland, our ability to operate our Grundartangi smelter, including paying vendors, processing payroll and receiving payments, could be adversely impacted, any of which could have a material adverse effect on our business, financial position, results of operations and liquidity.

Because we own less than a majority of BHH, we cannot exercise complete control over its operations.

We have a joint venture agreement pursuant to which we hold a 40% stake in BHH, a carbon anode and cathode facility located in the Guangxi Zhuang Autonomous Region of south China. Because we beneficially own less than a majority of the ownership interests in BHH, we have limited control of the operations of this facility and we must depend in part on our co-owner to operate such assets. Our co-owner may have interests, objectives and incentives with respect to such assets that differ from our own and there can be no assurance that BHH will be operated in accordance with our best interests. Following the completion of the construction of our second furnace at our carbon anode facility in Vlissingen, Netherlands, we made the decision to pursue an exit from this investment but we may not be successful in exiting this investment on terms that are acceptable to us or at all.

We require substantial resources to pay our operating expenses and fund our capital expenditures.

We require substantial resources to pay our operating expenses and fund our capital expenditures. If we are unable to generate funds from our operations to pay our operating expenses and fund our capital expenditures and other obligations, our ability to continue to meet these cash requirements in the future could require substantial liquidity and access to sources of funds, including from capital and credit markets.

If funding is not available when needed, or is available only on unacceptable terms, we may be unable to respond to competitive pressures, take advantage of market opportunities or fund operations, capital expenditure or other obligations, any of which could have a material adverse effect on our business, financial position, results of operations and liquidity.

A deterioration in our financial condition or credit rating could limit our ability to access the credit and capital markets on acceptable terms or to enter into hedging and financial transactions, and could adversely affect our financial condition and our business relationships.

Our credit rating has been adversely affected by unfavorable market and financial conditions. Our existing credit rating, or any future negative actions the credit agencies may take, could increase our borrowing costs, limiting our ability to access the credit and capital markets, and have an adverse effect on our relationships with customers, suppliers and hedging counterparties. An inability to access the credit and capital markets when needed in order to refinance our existing debt or raise new debt or equity could have a material adverse effect on our business, financial position, results of operations and liquidity.

We require significant cash flow to meet our debt service requirements, which increases our vulnerability to adverse economic and industry conditions, reduces cash available for other purposes and limits our operational flexibility. As of December 31, 2016, we had an aggregate of approximately \$256 million of outstanding debt and we may incur additional debt in the future.

The level of our debt could have important consequences, including:

- increasing our vulnerability to adverse economic and industry conditions;
- reducing cash flow available for other purposes, including capital expenditures, acquisitions, dividends, working capital and other general corporate purposes; and
- limiting our flexibility in planning for, or reacting to, competitive and other changes in our business and the industry in which we operate.

We have various obligations to make payments in cash, including contractual commitments, pension funding, and certain contingent obligations, that will reduce the amount of cash available to make interest payments required on our outstanding debt and for other uses. Our industrial revenue bonds ("IRBs") and any borrowings on our U.S. and Iceland revolving credit facilities are at variable interest rates, and future borrowings required to fund working capital at our businesses, capital

expenditures, acquisitions, or other strategic opportunities may be at variable rates. An increase in interest rates would increase our debt service obligations under these instruments, further limiting cash flow available for other uses.

Our ability to pay interest on and to repay or refinance our debt and to satisfy other commitments will depend upon our access to additional sources of liquidity and future operating performance, which is subject to general economic, financial, competitive, legislative, regulatory, business and other factors, including market prices for primary aluminum, that are beyond our control. Accordingly, there can be no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay debt service obligations, refinance our existing debt or to fund our other liquidity needs. If we are unable to meet our debt service obligations or fund our other liquidity needs, we could attempt to restructure or refinance our debt or seek additional equity or debt capital. There can be no assurance that we would be able to accomplish those actions on satisfactory terms, or at all, and if we are unable to ultimately meet our debt service obligations and fund our other liquidity needs, it may have a material adverse effect on our business, financial position, results of operations and liquidity.

Despite our substantial level of debt, we may incur more debt, which could exacerbate any or all of the risks described above.

We may incur substantial additional debt in the future. Although the loan and security agreement governing our U.S. revolving credit facility and the indenture governing the 7.5% Senior Secured Notes due 2021 (the "2021 Notes") limit our ability and the ability of certain of our subsidiaries to incur additional debt, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, debt incurred in compliance with these restrictions could be substantial. In addition, the loan and security agreement governing our U.S. revolving credit facility and the indenture governing the 2021 Notes do not prevent us from incurring certain obligations that do not constitute debt as defined in these agreements. To the extent that we incur additional debt or such other obligations, the risks associated with our substantial debt described above, including our possible inability to service our debt or other obligations, would increase.

We depend upon intercompany transfers from our subsidiaries to meet our debt service obligations.

We are a holding company and conduct all of our operations through our subsidiaries. Our ability to meet our debt service obligations depends upon the receipt of intercompany transfers from our subsidiaries. Subject to the restrictions contained in our U.S. revolving credit facility and the indenture governing our 2021 Notes, future borrowings by our subsidiaries could contain restrictions or prohibitions on intercompany transfers by those subsidiaries. In addition, under applicable law, our subsidiaries could be limited in the amounts that they are permitted to pay as dividends on their capital stock. For example, the Icelandic government and the Central Bank of Iceland currently restrict the free transfer of funds outside of Iceland under certain circumstances. While we are currently exempt from these foreign currency rules, we cannot control further actions by the Central Bank of Iceland which might restrict our ability to transfer funds through the Icelandic banking system and outside of Iceland.

Climate change legislation or environmental regulations may adversely impact our operations.

Climate change and greenhouse gas emissions are the subject of significant public and scientific attention in the countries in which we operate. In turn, increasing government attention is being paid to global climate issues and to emissions of greenhouse gases, including emissions of carbon dioxide from coal combustion by power plants. A number of governments or governmental bodies in these countries have introduced or are contemplating legislative and regulatory change in response to the potential impacts of climate change.

For example, the U.S. Environmental Protection Agency (the "EPA") has adopted the Clean Power Plan. Under the Clean Power Plan, states would be required to meet carbon emission reduction standards which represent substantial reductions from historic and current emission levels. These regulations could have a variety of adverse effects on our business. Electricity represents our single largest operating cost and the availability of electricity at competitive prices is critical to the profitability of our operations. Some of the power we purchase in the United States is generated at coal-based power plants, which are likely to be significantly impacted by these regulations. For example, these regulations could require permanent closure of significant amounts of coal-based power generation. Replacement generation would likely be more expensive, including substantial amounts of renewable generation, which additional costs would likely be passed down to us in the form of higher rates. This could significantly increase our operating

costs which would have a material adverse effect on our business, financial position, results of operations and liquidity. Even small increases in power prices could have a disproportionate impact on our business if such price increases are not supported by then current aluminum prices. Certain states have challenged the Clean Power Plan asserting that the plan is illegal because it goes beyond the government's authority and the U.S. Supreme Court has issued a stay blocking implementation of the plan while the case proceeds. The potential impact of

these regulations on us will depend on the outcome of the litigation and the form in which these regulations are ultimately implemented, if at all.

In addition, as a member of the European Economic Area and a signatory to the Kyoto Protocol, Iceland has implemented legislation to abide by the Kyoto Protocol and prepare to abide by Directive 2003/87/EC of the European Parliament which establishes a "cap and trade" scheme for greenhouse gas emission allowance trading. Iceland is complying with the Directive by participating in the European Union ("EU") Emission Trade Scheme from January 1, 2013. Although we will receive approximately 70% of needed carbon dioxide allowances for the Grundartangi smelter free of charge, the economic impact of implementing this system is not fully known as cost of allowances could rise and we cannot be certain that Helguvik will be granted free allowances if the project is completed. Implementation of these or other potential regulatory changes is uncertain and may be either voluntary or legislated and may impact our operations directly or indirectly through customers or our supply chain. We may incur increased capital expenditures resulting from compliance with such regulatory changes, increased energy costs, costs associated with a "cap and trade" system, increased insurance premiums and deductibles, a change in competitive position relative to industry peers and changes to profit or loss arising from increased or decreased demand for goods produced by us and indirectly, from changes in cost of goods sold. For example, "cap and trade" legislation may impose significant additional costs to our power suppliers that could lead to significant increases in our energy costs. In addition, the potential physical impacts of climate change on our operations are highly uncertain and will be particular to the geographic circumstances. These may include changes in rainfall patterns, shortages of water or other natural resources, changing sea levels, changing storm patterns and intensities, and changing temperature levels. Any adverse regulatory and physical changes may have a material adverse effect on our business, financial position, results of operations and liquidity.

We and our suppliers are subject to a variety of environmental laws and regulations that may have a material adverse effect on our business, financial position, results of operations and liquidity.

We are obligated to comply with various foreign, federal, state and other environmental laws and regulations, including the environmental laws and regulations of the United States, Iceland, China and the EU. Environmental laws and regulations may expose us to costs or liabilities relating to our manufacturing operations or property ownership. We incur operating costs and capital expenditures on an ongoing basis to comply with applicable environmental laws and regulations. We also are currently, and may in the future be, responsible for the cleanup of contamination at some of our current and former facilities or for the amelioration of damage to natural resources. In addition, many of our key suppliers are subject to environmental laws and regulations that may affect their costs of production resulting in an increase in the price of the products that we purchase from them. For instance, some of the power we purchase in the United States is generated at coal-based power plants, which are subject to significant environmental regulation. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered or alleged, or if contributions from other responsible parties with respect to sites for which we have cleanup responsibilities are not available, we may be subject to additional liability, which may have a material adverse effect on our business, financial condition, results of operations and liquidity. Further, additional environmental matters for which we may be liable may arise in the future at our present sites where no problem is currently known, with respect to sites previously owned or operated by us, by related corporate entities or by our predecessors, or at sites that we may acquire or operate in the future. In addition, overall production costs may become prohibitively expensive and prevent us from effectively competing in price sensitive markets if future capital expenditures and costs for environmental compliance or cleanup are significantly greater than expected.

Glencore may exercise substantial influence over us, and they may have interests that differ from those of our other stockholders.

Glencore beneficially owns approximately 42.9% of our outstanding common stock and all of our outstanding Series A Convertible Preferred stock. In addition, one of our five directors is a Glencore employee. During the year ended December 31, 2016, we derived approximately 89% of our consolidated sales from Glencore and we expect to sell a significant portion of our production to Glencore in 2017. Century and Glencore enter into various transactions such as the purchase and sale of primary aluminum, purchase and sale of alumina, tolling agreements and certain forward financial contracts. Because of the interests described above, Glencore may have substantial influence over our

business, and on the outcome of any matters submitted to our stockholders for approval.

In addition, certain decisions concerning our operations or financial structure may present conflicts of interest between Glencore and our other stockholders. For example, Glencore may in the future engage in a wide variety of activities in our industry that may result in conflicts of interest with respect to matters affecting us. In addition, because of the interests

described above, any future agreements or arrangements that we enter into with Glencore may not be comparable to those we could have negotiated with an unaffiliated third party.

Acquisitions could disrupt our operations and harm our operating results.

We have a history of making acquisitions and we expect to opportunistically seek to make acquisitions in the future. We are subject to numerous risks as a result of our acquisition strategy, including the following:

- we may spend time and money pursuing acquisitions that do not close;
- acquired companies may have contingent or unidentified liabilities;
- it may be challenging for us to manage our existing business as we integrate acquired operations; and
- we may not achieve the anticipated benefits from our acquisitions.

We are subject to numerous risks following the consummation of any acquisition, including, for example, that we may incur costs and expenses associated with any unidentified or potential liabilities, we may not achieve anticipated revenue and cost benefits from the acquisitions and unforeseen difficulties may arise in integrating the acquired operations into our existing operations. Accordingly, our past or future acquisitions might not ultimately improve our competitive position and business prospects as anticipated and may subject us to additional liabilities that could have a material adverse effect on our business, financial position, results of operations and liquidity.

Our ability to utilize certain net operating loss carryforwards to offset future taxable income may be significantly limited if we experience an "ownership change" under the Internal Revenue Code.

As of December 31, 2016, we had federal net operating loss carryforwards of approximately \$1.5 billion, after adjusting for losses carried back to previous tax years, which could offset future taxable income. Our ability to utilize our deferred tax assets to offset future federal taxable income may be significantly limited if we experience an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change would occur if our "five-percent shareholders," as defined under the Code, collectively increase their ownership in us by more than fifty percentage points over a rolling three-year period. Future transactions in our stock that may not be in our control may cause us to experience such an ownership change and thus limit our ability to utilize net operating losses, tax credits and other tax assets to offset future taxable income.

We may be unable to continue to compete successfully in the highly competitive markets in which we operate.

We are engaged in a highly competitive industry. Aluminum also competes with other materials, such as steel, copper, plastics, composite materials and glass, among others, for various applications. Many of our competitors are larger than we are and have greater financial and technical resources than we do. These larger competitors may be better able to withstand reductions in price or other adverse industry or economic conditions. Similarly, many of our competitors have vertically integrated upstream operations with resulting superior cost positions to ours and may be better able to withstand reductions in price or other adverse industry or economic conditions. If we are not able to compete successfully, our business, financial position, results of operations and cash flows could be materially and adversely affected.

Unpredictable events, including natural disasters, dangerous weather conditions and political unrest, may adversely affect our ability to conduct business.

We receive a significant portion of our revenues from operations in areas that have heightened risk of natural disasters, including Iceland. Iceland suffered several natural disasters and extreme weather events in 2010, 2011, 2012, 2014 and 2016, including significant volcanic eruptions and earthquakes. Power is supplied to our Grundartangi smelter from hydroelectric and geothermal sources. Lack of sufficient rain that leads to low water levels in the reservoirs could lead to power curtailments which impact our production.

Future unpredictable events, including natural disasters, dangerous weather conditions and political unrest, may adversely affect our ability to conduct business by causing disruptions in Icelandic, Chinese, Dutch, U.S. or global economic conditions, inflicting loss of life, damaging property and requiring substantial capital expenditures and operating expenses to remediate damage and restore operations at our production facilities.

Item 1B. Unresolved Staff Comments

We have no unresolved comments from the staff of the SEC.

Item 2. Properties

Owned Properties:

Facility (1) Ownership

Hawesville 100%

Sebree 100%

Mt. Holly 100%

Leased Properties:

Facility (1) Term

Grundartangi Long-term operating lease through 2020, renewable at expiration at our option for successive ten year periods

Helguvik Long-term operating lease expected to begin on the date of commercial operations for 50 years with an automatic extension provision for a successive 15 years

Vlissingen Long-term operating lease through 2017, automatically renewable for five year terms through 2042

Chicago Corporate Office Long-term operating lease that expires in September 2024

(1) See Item 1 Business — "Primary Aluminum Facilities" and "Carbon Products Facilities" for additional information about our properties.

Our primary aluminum facilities produce standard grade and value-added primary aluminum products. Our current annual primary production capacity is approximately 1,012,000 tonnes per year ("tpy") and we produced approximately 738,000 tonnes of primary aluminum in 2016.

Production at our Hawesville and Mt. Holly facilities is currently curtailed to approximately 40% and 50% of capacity, respectively. Our remaining operating facilities are operating at or near their full productive capacity.

Our Vlissingen facility, located in Vlissingen, the Netherlands, is a carbon anode production facility owned and operated by Century Aluminum Vlissingen B.V. Production at Vlissingen, which had been curtailed by its previous owner, was restarted in late 2013 with an initial annual carbon anode production capacity of 75,000 tonnes. In 2015, we completed our project to expand its annual production capacity to its current annual capacity of 145,000 tonnes. The BHH facility has an annual carbon anode production capacity of 180,000 tonnes and an annual cathode baking and graphitization capacity of 20,000 tonnes.

We believe all of our facilities are suitable and adequate for our current operations. Additional information about the age, location and productive capacity of our facilities is available in the "Overview" section of Item 1 Business.

Item 3. Legal Proceedings

We are a party from time to time in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on our financial position, operating results and cash flows. For information regarding material legal proceedings pending against us at December 31, 2016, refer to Note 15 Commitments and contingencies to the consolidated financial statements included herein.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity
Market Information

Our common stock trades on the NASDAQ Global Market under the symbol: CENX. The following table sets forth, on a quarterly basis, the high and low sales prices of the common stock during the two most recent fiscal years.

	2016		2015	
	High sales price	Low sales price	High sales price	Low sales price
First quarter	\$8.94	\$2.63	\$26.97	\$12.87
Second quarter	9.40	5.64	14.98	10.13
Third quarter	8.45	5.53	10.59	4.07
Fourth quarter	10.69	6.51	7.21	3.19

Holders

As of February 28, 2017, there were 63 holders of record of our common stock, which does not include the number of beneficial owners whose common stock was held in street name or through fiduciaries.

Dividend Information

We did not declare dividends on our common stock in 2016 or 2015. We do not plan to declare cash dividends in the foreseeable future. Any declaration of dividends is at the discretion of our Board of Directors.

Our U.S. revolving credit facility and the indenture governing our 2021 Notes contain restrictions which limit our ability to pay dividends. Additional information about the terms of our long-term borrowing agreements is available at [Note 6 Debt](#) to the consolidated financial statements included herein.

Stock Performance Graph

The following line graph compares Century Aluminum Company's cumulative total return to stockholders with the cumulative total return of the S&P 500 Index and the Morningstar Aluminum Index. These comparisons assume the investment of \$100 on December 31, 2011 and the reinvestment of dividends.

Comparison of Cumulative Total Return to Stockholders from December 31, 2011 through December 31, 2016

As of December 31,	2011	2012	2013	2014	2015	2016
Century Aluminum Company	\$ 100	\$ 103	\$ 123	\$ 287	\$ 52	\$ 101
Morningstar Aluminum Index	100	103	108	149	93	96
S&P 500 Index	100	116	154	175	177	198

Issuer Purchases of Equity Securities during the three months ended December 31, 2016

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1 through October 31	—	\$ —	—	\$43,724,116
November 1 through November 30	—	—	—	43,724,116
December 1 through December 31	—	—	—	43,724,116
Total for quarter ended December 31, 2016	—	\$ —	—	\$43,724,116

In 2011, our Board of Directors authorized a \$60 million stock repurchase program and during the first quarter of 2015, our Board of Directors increased the size of the program by \$70 million. Under the program, Century is authorized to repurchase up to \$130 million of our outstanding shares of common stock, from time to time, on the (1) open market at prevailing market prices, in block trades or otherwise. The timing and amount of any shares repurchased will be determined by our management based on its evaluation of market conditions, the trading price of our common stock and other factors. The stock repurchase program may be suspended or discontinued at any time.

Item 6. Selected Financial Data

The following table presents selected consolidated financial data for each of the last five fiscal years and should be read in conjunction with Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8 Financial Statements and Supplementary Data and notes thereto.

Our selected historical results of operations include:

- the acquisition of our Sebree smelter in the second quarter of 2013;
- the acquisition of the remaining interest in our Mt. Holly smelter in the fourth quarter of 2014; and
- the partial curtailment of Hawesville and Mt. Holly in the fourth quarter of 2015.

	Year Ended December 31,				
	2016 (1)	2015 (2)	2014 (3)	2013 (4)	2012 (5)
	(dollars in thousands, except per share amounts)				
Net sales	\$1,319,094	\$1,949,857	\$1,931,042	\$1,454,313	\$1,272,111
Gross profit (loss)	(11,042)	)41,313	201,799	39,523	46,342
Operating income (loss)	(234,213)	)(39,088	)140,123	(36,556	)(7,274
Net income (loss)	(252,415)	)(59,310	)126,474	(40,313	)(35,610
Earnings (loss) per share:					
Basic	\$(2.90	)\$(0.68	)\$1.31	\$(0.45	)\$(0.40
Diluted	(2.90	)(0.68	)1.30	(0.45	)(0.40
Dividends per common share	\$—	\$—	\$—	\$—	\$—
Total assets	1,540,327	1,752,468	2,025,058	1,810,196	1,776,326
Total debt (6)	255,514	255,093	254,703	262,946	273,766
Long-term debt obligations (7)	247,699	247,278	246,888	246,528	265,951

	Year Ended December 31,				
	2016 (1)	2015 (2)	2014 (3)	2013 (4)	2012 (5)
Other information:					
Shipments – Primary aluminum:					
Direct shipments (tonnes)	687,700	623,751	728,377	485,690	377,314
Toll shipments (tonnes)	46,125	98,207	138,748	278,908	269,215
Average realized price per tonne:					
Direct shipments	\$1,825	\$2,169	\$2,333	\$2,154	\$2,265
Toll shipments	\$1,172	\$1,374	\$1,554	\$1,448	\$1,544
Average LME price:					
Per tonne	\$1,604	\$1,663	\$1,867	\$1,846	\$2,020
Average Midwest premium:					
Per tonne	\$169	\$279	\$450	\$244	\$218
Average European Duty Paid premium:					
Per tonne	\$132	\$236	\$424	\$272	\$241

2016 Net loss was negatively impacted by charges of \$152.2 million for impairment related to the Helguvik project in Iceland and \$26.8 million at Ravenswood for impairment and a retiree medical lawsuit settlement in conjunction (1) with the permanent closure of this facility. In addition, we incurred an unfavorable \$6.9 million charge related to discrete tax items which were partially offset by a favorable \$2.2 million lower of cost or market inventory adjustment.

2015 Net loss includes the favorable impact of \$12.6 million related to purchase accounting for the Mt. Holly acquisition and \$3.4 million related to non-cash, non-recurring post-retirement benefits. Results were negatively impacted by a \$31.2 million charge related to the permanent closure of Ravenswood, \$13.1 million in costs related (2) to the labor disruption at Hawesville, \$7.6 million due to partial curtailments of operations at Hawesville and Mt. Holly, \$11.6 million related to the impairment at BHH, \$1.6 million for signing bonuses related to a new labor agreement in Iceland, \$1.0 million related to the separation of a former senior executive and a \$7.5 million lower of cost or market inventory adjustment.

2014 Net income includes a \$7.9 million benefit for the gain on remeasurement of contingent consideration, a \$5.5 million benefit for deferred power contract liability amortization, an unrealized gain of \$1.4 million, primarily (3) related to an LME-based contingent obligation and a \$16.0 million benefit for the gain on remeasurement of our equity investment in Mt. Holly. Results were negatively impacted by \$5.0 million in non-cash, non-recurring pension charges and by \$2.6 million related to the separation of former senior executives.

2013 Net loss includes a \$31.0 million benefit for deferred power contract liability amortization and an unrealized gain of \$16.8 million, related to a LME-based contingent obligation. In addition, we recorded a gain on bargain (4) purchase of \$5.3 million related to the Sebree acquisition. We also incurred office relocation costs of \$5.8 million, a loss on early extinguishment of debt of \$3.3 million and an \$8.4 million charge relating to the separation of our former chief executive officer.

2012 Net loss includes the favorable impact of the consumption of inventory with a \$19.8 million lower market value than cost basis during the period, an unrealized net loss on forward contracts of \$3.0 million primarily related (5) to the mark to market of aluminum price protection options, and a net benefit of \$4.1 million related to certain litigation items.

(6) Total debt includes all long-term debt obligations and any debt classified as short-term obligations, net of any debt discounts, including current portion of long-term debt, borrowings under our revolving credit facilities and the

IRBs.

- (7) Long-term debt obligations are all payment obligations under long-term borrowing arrangements, excluding the current portion of the long-term debt.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Century Aluminum Company and its subsidiaries (collectively, "Century," the "Company," "our" and "we") and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto in Item 8 and Risk Factors in Item 1A. This MD&A contains "forward-looking statements" - See "Forward-Looking Statements" above.

Overview

We are a global producer of primary aluminum with aluminum reduction facilities, or "smelters," in the United States and Iceland. The key determinants of our results of operations and cash flow from operations are as follows:

- the price of primary aluminum, which is based on the London Metal Exchange (the "LME") and other exchanges, plus any regional delivery premiums and value-added product premiums;
- the cost of goods sold, the principal components of which are electrical power, alumina, carbon products and labor, which in aggregate exceed 75% of our cost of goods sold; and
- our production volume.

Pricing of aluminum

Primary aluminum is an internationally traded commodity and its price is effectively determined on the LME and other exchanges, plus any regional delivery premiums and value-added product premiums. Because primary aluminum is a global commodity, the price for aluminum can be volatile and subject to many factors beyond our control. This price volatility is influenced primarily by the global supply-demand balance and other factors such as speculative activities by market participants, production activities by competitors and political and economic conditions, as well as production costs in major production regions. Increases or decreases in primary aluminum prices result in increases and decreases in our revenues (assuming all other factors are unchanged). Information regarding financial contracts is included in Note 2 Related party transactions.

The historic volatility of the price of aluminum is reflected in the chart below:

During 2016, the average LME price for primary aluminum was \$1,604 per tonne, compared to \$1,663 per tonne in 2015, and \$1,867 in 2014. The average U.S. Midwest premium decreased from \$279 per tonne in 2015 to \$169 per tonne in 2016. European Duty Paid Premiums showed similar price declines. World aluminum prices have been significantly depressed due to large amounts of excess Chinese capacity and over production and exports of unfairly traded Chinese aluminum products. Continued Chinese over production and the improper export of heavily subsidized Chinese aluminum products may continue to materially disrupt world aluminum markets resulting in depressed prices.

Energy, Key Supplies and Raw Materials

Our operating costs are significantly impacted by changes in the prices of the materials used in the production of aluminum, including electrical power, alumina, aluminum fluoride and carbon products. Because we sell our products based principally on the LME price for primary aluminum, regional delivery premiums and value-added product premiums, we cannot pass on increased production costs to our customers. Although we attempt to mitigate the effects of price fluctuations from time to time through the use of various fixed-price commitments, financial instruments and also by negotiating LME-based pricing in some of our raw materials and electrical power contracts, these efforts also limit our ability to take advantage of favorable changes in the market prices for primary aluminum or raw materials and may affect our financial position, results of operations and cash flows.

Electrical power represents our single largest operating cost. As a result, the availability of reliable electrical power at competitive prices is critical to the profitability of our operations. Historically, our domestic operations relied on long-term fixed price power supply agreements or power supply agreements based on tariff and/or cost-based pricing. Over the past several years, we have migrated our operations to market-based electrical power supply agreements. Currently, our Hawesville and Sebree plants receive all of their electricity requirements under market-based power agreements and our Mt. Holly plant receives 75% of its electricity requirements under a market-based contract. Our Grundartangi plant is also currently supplied power at prices linked to the LME price for aluminum, however, beginning in November of 2019, approximately 30% of our power requirements at Grundartangi will be priced based on the market price for power in the Nord Pool power market. Market-based energy prices are driven in large part by coal and natural gas prices and weather-influenced electric loads. For 2015 and 2016, both natural gas prices and weather conditions were moderate and market-based energy prices were substantially below

w the cost-based utility rate that the smelters would otherwise have paid. The lower power costs allowed us to maintain production levels at our Kentucky operations in 2015 and 2016 that would not otherwise have been practical given aluminum prices during such periods.

Mt. Holly is currently required to purchase 25% of its power requirements from the utility in South Carolina, the South Carolina Public Service Authority ("Santee Cooper") at a standard cost-based industrial rate, which is the highest rate for power paid by any U.S. smelter and substantially higher than the rate Mt. Holly pays for market power. Mt. Holly's inability to access the open market for 100% of its power requirements significantly impacts its ability to be competitive in the aluminum industry and puts its continued operation at risk. As a result of such uncompetitive power prices, Mt. Holly has already curtailed 50% of its production capacity. In January 2017, we filed an antitrust lawsuit against Santee Cooper seeking damages and injunctive relief, including the ability to purchase 100% of Mt. Holly's power from the open market. See [Item 1A Risk Factors](#) — "If we are unable to enter into a new power contract for Mt. Holly, we may choose, or be forced, or curtail operations at the plant."

Alumina also represents a large component of our cost of goods sold and our access to alumina at favorable prices is material to our profitability and results of operations. Currently, all of our alumina required for our operations is priced based on a published alumina index. The alumina index price averaged approximately \$254 per tonne for 2016 compared to approximately \$300 per tonne for 2015. As of February 10, 2017, the alumina index price was just over \$340 per tonne. Our results could be significantly impacted by changes in the alumina index price.

Production/Shipment Volumes

Shipment volume is another of our key performance indicators. In normal circumstances, our facilities operate at or near capacity, and fluctuations in volume, other than through acquisitions or expansions, are generally small. Due to significant and continued declines in the price of aluminum, the Hawesville smelter is currently operating at 40% of its capacity. The Mt. Holly smelter has also curtailed approximately 50% of its capacity due to uncompetitive power prices imposed by the utility in South Carolina.

The following table sets forth, for the periods indicated, the shipment volumes and revenues for primary aluminum shipments:

SHIPMENTS - PRIMARY ALUMINUM

Direct (1)		Iceland		Toll		
United States		Iceland		Iceland		
Tonnes	Revenue	Tonnes	Revenue	Tonnes	Revenue	
	\$		\$		\$	
(dollars in millions)						
2016	422,139	\$ 799.2	265,561	\$ 456.1	46,125	\$ 54.1
2015	607,715	1,345.9	216,036	441.2	98,207	135.0
2014	570,600	1,353.4	157,777	344.7	138,748	215.7

(1) Excludes scrap aluminum sales

As a result of the production curtailments in the United States during the second half of 2015, shipments for 2016 decreased to 422,139 tonnes compared to 607,715 tonnes in 2015. Any adverse changes in the conditions that affect shipment volumes could have a material adverse effect on our results of operations and cash flows.

Results of Operations

The following discussion for the year ended December 31, 2016 reflects the operations at Hawesville and Mt. Holly running at approximately 40% and 50% of full capacity, respectively.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Net sales: Net sales decreased by \$630.8 million compared to 2015. Net sales were unfavorably impacted by \$400.7 million from decreases in shipment volumes resulting from production curtailments announced in 2015. Net sales were also unfavorably impacted by \$230.1 million compared to 2015 due to lower price realization from a significant decrease in the LME price of aluminum and regional premiums.

Gross profit: Gross profit decreased by \$52.4 million compared to 2015. During 2016, gross profit decreased primarily due to lower price realization of \$230.1 million along with a \$5.2 million adverse impact from lower shipment volume associated with curtailed production at Hawesville and Mt. Holly. These factors were partially offset by favorable alumina pricing of \$122.5 million which includes the impact of lower of cost or market ("LCM") adjustments, favorable carbon costs of \$41.0 million primarily related to increases in carbon production at Vlissingen and lower coke prices, the impact of the labor disruption at Hawesville in 2015 of \$13.1 million, favorable power prices of \$2.0 million and favorable plant operating results of \$6.3 million primarily related to reductions in pot lining expenses.

Selling, general and administrative expenses: Selling, general and administrative expenses decreased by \$1.8 million compared to 2015, primarily due to decreases in head count and associated employee benefits for 2016.

Helguvik impairment: On November 30, 2016 we received a binding arbitration ruling stating that the Helguvik power contract with HS was no longer in force. As a result, we concluded that the lack of a power agreement for the entirety of the project was an indicator of impairment. Further, we concluded that the asset value was no longer recoverable and recorded an impairment charge of \$152.2 million. See Note 3 Asset impairment to the consolidated financial statements included herein for additional information.

Ravenswood charges: During 2015, we recorded an impairment charge of \$30.9 million related to the permanent closure of our Ravenswood, West Virginia aluminum smelter. During 2016, we recorded an additional impairment charge of \$3.8 million based on our agreement to sell essentially all of the Ravenswood assets. Also during 2016, we recorded a \$23.0 million charge related to an agreement to settle the Ravenswood retiree medical class action lawsuit - see Note 15 Commitments and contingencies. See Note 3 Asset impairment to the consolidated financial statements included herein for additional information.

Unrealized gain on fair value of contingent consideration: In 2015, we recorded unrealized gains of \$18.3 million on the fair value of contingent consideration related to our acquisition of Mt. Holly. The contingent consideration was settled in 2016 resulting in the seller paying us \$12.5 million.

Income tax expense: We have a valuation allowance against all of our U.S. and certain foreign deferred tax assets. The period to period differences in income tax expense are primarily due to the change in earnings at our foreign entities that are not subject to a valuation allowance while the entities that are subject to a valuation allowance are unable to recognize a tax benefit for their losses.

BHH Impairment: In conjunction with our Vlissingen carbon anode capacity expansion, which we completed in the fourth quarter of 2015, we made the decision to pursue an exit from our investment in BHH. As a result of this activity, we determined that the value of our investment in BHH has declined below its carrying value and that this loss in value is other than a temporary decline. As a result, we recorded a charge of \$11.6 million in 2015.

The following discussion reflects our historical results of operations, the comparability of which is affected by the acquisitions of the remaining interest in Mt. Holly in December 2014.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Net sales: Net sales increased by \$18.8 million compared to 2014. Net sales were favorably impacted by \$168.9 million from increases in shipment volumes due to the acquisition of the Mt. Holly smelter offset by the partial curtailment of Hawesville's operations and a shift from toll to direct shipments at Grundartangi. Net sales were unfavorably impacted by \$150.1 million compared to 2014 due to lower price realization from a significant drop in the price of aluminum.

Gross profit: Gross profit decreased by \$160.5 million compared to 2014. During 2015, gross profit was negatively impacted by lower price realization, unfavorable alumina pricing, the write down of our inventories to the current market value, the labor disruption at our Hawesville facility and partial curtailments of production capacity. For the same period, gross profit was favorably impacted by volume due to the acquisition of Mt. Holly.

Lower sales price realizations had a negative impact on gross profit of \$150.1 million for 2015. Increased sales volume had a favorable impact on gross profit of \$28.5 million for 2015.

During 2015, alumina prices negatively impacted gross profit by \$55.4 million. For 2015, we agreed to price all of the purchases under our alumina supply agreement with Glencore based on a published alumina market index. For 2014, a majority of our purchases were indexed to the LME price for primary aluminum at index rates below 2015 market rates under a long-term alumina purchase agreement that expired December 31, 2014.

Due to the nature of our business, our inventory values are subject to fluctuations in market value and these fluctuations may have a significant impact on cost of goods sold and gross profit in any period. On average our inventory turns eight times within a year and reductions in value below cost basis at the end of a period are the new basis for inventory as it turns in subsequent periods.

As of December 31, 2015, the market value of our inventory was below its cost basis, resulting in the recording of valuation adjustment and a charge to cost of goods sold of \$7.5 million. As of December 31, 2013, the market value of our inventory was below its cost basis with lower of cost or market valuation adjustment of \$1.2 million. During 2014, inventory with a \$1.2 million market valuation adjustment was consumed into cost of goods sold at the lower basis. The net impact of the market valuation adjustments on the 2015 and 2014 comparative results is a decrease in gross profit of \$8.7 million.

From May 12, 2015 until June 15, 2015, the Hawesville facility experienced a labor disruption relating to the negotiation of a new collective bargaining agreement with the bargaining unit employees at the facility. During the labor disruption, Century's salaried employees and temporary replacement workers operated the facility. A new collective bargaining agreement for the facility was ratified on June 11, 2015 and bargaining unit employees returned to the facility on June 15, 2015. Century incurred direct expenses of \$13.1 million in 2015, for such things as contract labor and overtime premiums, travel and temporary living expenses, security and operating supplies, net of labor cost savings, during the labor disruption.

As a result of the unfavorable aluminum prices noted above, we made the decision to partially curtail production at our Hawesville, Kentucky smelter to approximately 40% of capacity. We also announced the partial curtailment of production at our Mt. Holly smelter to 50% of capacity effective January 1, 2016 because we were unable to secure a competitively priced power agreement for this facility. The direct costs associated with the partial curtailments of capacity were \$4.0 million. The labor disruptions and curtailment activities combined to reduce operating efficiencies resulting in increased costs. These cost increases were partially offset by \$102.8 million in lower costs for power and natural gas year over year.

The results for 2014 included \$5.5 million of amortization for a power contract credit related to the purchase accounting for the Sebree smelter.

Selling, general and administrative expenses: Selling, general and administrative expenses were \$7.1 million favorable compared to 2014, primarily due to reductions of approximately \$4.0 million in variable compensation in 2015 and costs of \$2.6 million associated with separation of former senior executives in 2014.

Ravenswood impairment: During 2015, we recorded an impairment charge of \$30.9 million related to the Ravenswood, West Virginia aluminum smelter. The charge included \$21.5 million to write down property, plant and equipment to estimated net salvage value and \$7.8 million to write down inventory to its net realizable value. We also accrued \$1.6 million for employee severance and other exit costs which were substantially paid by the end of 2015.

Other operating expense - net: Other operating expense - net decreased by \$5.1 million compared to 2014. The reduction is primarily related to a lump sum payout to certain former employees with vested pension benefits in an effort to reduce our long-term pension liabilities. As a result, we recorded a settlement charge of \$4.7 million to other operating expense-net in 2014.

Unrealized gain on fair value of contingent consideration: On December 1, 2014, we acquired the remaining 50.3% stake in Mt. Holly that we did not previously own. The purchase agreement provided for a post-closing payment based on changes in the Midwest Transaction Price and production levels at Mt. Holly during the applicable measuring

period. The measurement

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period for this potential payment ended on December 31, 2015. Pursuant to the earn-out provision, the seller paid us \$12.5 million in the first quarter of 2016. During 2014 and 2015, we recorded unrealized gains of \$7.9 million and \$18.3 million, respectively, on the fair value of contingent consideration, primarily related to decreases in the Midwest premium and the forward curve for the LME price of primary aluminum.

Gain on remeasurement of equity investment: We accounted for our acquisition of Mt. Holly as a step acquisition which resulted in a non-cash pre-tax gain of \$16.0 million. \$14.6 million of that gain was recorded retroactively to the closing date in 2014.

Income tax expense: We have a valuation allowance against all of our U.S. and certain foreign deferred tax assets. The significant driver of period to period differences in income tax expense is the change in earnings at our foreign entities that are not subject to a valuation allowance.

BHH Impairment: In conjunction with our Vlissingen carbon anode capacity expansion, which we completed in the fourth quarter of 2015, we made the decision to pursue an exit from our investment in BHH. As a result of this activity, we determined that the value of our investment in BHH has declined below its carrying value and that this loss in value is other than a temporary decline. As a result, we recorded a charge of \$11.6 million in 2015.

Liquidity and Capital Resources

Our principal sources of liquidity are available cash, cash flow from operations and available borrowings under our revolving credit facilities. Our principal uses of cash are the funding of operating costs, payments of principal and interest on our outstanding debt, the funding of capital expenditures, investments in our growth activities and in related businesses, working capital, maintenance of curtailed production facilities and other general corporate requirements. For major investment projects we would likely seek financing from various capital markets, and may potentially pursue the formation of strategic alliances. We have raised capital in the past through the public equity and debt markets, and we regularly explore various other financing alternatives. Although we believe our available cash, cash flow from operations and available borrowings under our revolving credit facilities together with our access to capital markets will provide adequate resources to fund our operating and investing needs, our access to, and the availability of, debt and equity financing arrangements on attractive terms, or at all, is subject to a number of factors, many of which are beyond our control, including a lack of demand, unfavorable pricing, poor economic conditions, unfavorable interest rates, or our financial condition or credit rating at the time. Future uncertainty in the U.S. and international markets and economies may adversely affect our liquidity, our ability to access the debt or equity capital markets and our financial condition.

Available Cash

Our available cash and cash equivalents balance at December 31, 2016 was \$132.4 million compared to \$115.4 million at December 31, 2015.

Sources and Uses of Cash

Cash and cash equivalents increased (decreased) as follows for the years ended December 31,

	2016	2015	2014
	(dollars in thousands)		
Net cash provided by operating activities	\$38,173	\$31,866	\$207,680
Net cash used in investing activities	(21,163)	(43,363)	(120,326)
Net cash used in financing activities	—	(36,352)	(8,200)
Change in cash and cash equivalents	\$17,010	\$(47,849)	\$79,154

Net cash flow provided by operating activities for 2016 was \$38.2 million, compared to \$31.9 million for 2015. The increase in cash provided by operating activities was primarily due to the receipt of \$12.5 million in 2016 from Alcoa to settle the earn out provision related to our Mt. Holly acquisition and the pension contribution of \$34.6 million in 2015 which did not repeat and was partially offset by lower earnings excluding non-cash items.

Net cash flow provided by operating activities for 2015 was \$31.9 million, compared to \$207.7 million for 2014. The decrease in cash provided by operating activities was primarily due to lower earnings excluding non-cash items and the Mt. Holly pension contribution of \$34.6 million in 2015.

Our net cash used in investing activities for 2016 was \$21.2 million, compared to \$43.4 million for 2015. The decrease in cash used was primarily related to reductions in capital expenditures which were \$21.9 million in 2016 and \$54.7 million in 2015.

Our net cash used in investing activities for 2015 was \$43.4 million compared to \$120.3 million for 2014. The decrease in cash used was primarily due to the \$65.1 million purchase of the Mt. Holly smelter in 2014.

Our net cash used in financing activities for 2016 was zero, compared to \$36.4 million for 2015. In 2015, cash used in financing activities was related to our share repurchase program.

Our net cash used in financing activities for 2015 was \$36.4 million compared to \$8.2 million for 2014. Cash used in 2015 consisted of repurchases of common stock of \$36.4 million. In 2014, cash used in financing activities was related to \$6.0 million in net repayments of the amounts borrowed under our revolving credit facilities and the extinguishment of the remaining \$2.6 million of our 7.5% Notes due in 2014.

Availability Under Our Credit Facilities

We and certain of our direct and indirect subsidiaries are party to a senior secured revolving credit facility, dated May 24, 2013, as amended, with a syndicate of lenders which provides for borrowings of up to \$150.0 million in the aggregate, including up to \$110.0 million under a letter of credit sub-facility (the "U.S. revolving credit facility"). Any letters of credit issued and outstanding under the U.S. revolving credit facility reduce our borrowing availability on a dollar-for-dollar basis. We have also entered into, through our wholly-owned subsidiary Nordural Grundartangi ehf, a \$50.0 million revolving credit facility, dated November 27, 2013 (the "Iceland revolving credit facility"). Century's U.S. revolving credit facility matures in June 2020 and our Iceland revolving credit facility matures in November 2018.

The availability of funds under our credit facilities is limited by a specified borrowing base consisting of certain accounts receivable, inventory and qualified cash deposits which meet the lenders eligibility criteria. As of December 31, 2016, our credit facilities had no amounts outstanding and approximately \$100.1 million of net availability after consideration of our outstanding letters of credit. Curtailments of production capacity decrease our borrowing base by reducing our accounts receivable and inventory balances. We may borrow and make repayments under our credit facilities in the ordinary course based on a number of factors, including the timing of payments from our customers and payments to our suppliers. Borrowings and repayments under our credit facilities for the year ended December 31, 2016 on a gross basis were \$1.2 million for unused line of credit and routine banking fees.

As of December 31, 2016, we had approximately \$46 million of letters of credit outstanding under our U.S. revolving credit facility with 64% related to our domestic power commitments and the remainder securing certain debt and workers' compensation commitments.

Senior Secured Notes

We have \$250 million in 7.5% senior secured notes payable that will mature on June 1, 2021 ("2021 Notes"). Interest on the 2021 Notes is payable semi-annually.

The indenture governing the 2021 Notes contains customary covenants which may limit our ability, and the ability of certain of our subsidiaries, to: (i) incur additional debt; (ii) incur additional liens; (iii) pay dividends or make distributions in respect of capital stock; (iv) purchase or redeem capital stock; (v) make investments or certain other restricted payments; (vi) sell assets; (vii) issue or sell stock of certain subsidiaries; (viii) enter into transactions with shareholders or affiliates; and (ix) effect a consolidation or merger.

Contingent Commitments

We have a contingent obligation to E.ON which consists of the aggregate E.ON payments made to Big Rivers on CAKY's behalf in excess of the agreed upon base amount under the long-term cost-based power contract with Kenergy. As of December 31, 2016, the principal and accrued interest for the E.ON contingent obligation was \$21.0 million, which was fully offset by a

derivative asset. We may be required to make installment payments for the E.ON contingent obligation in the future. These payments are contingent based on the LME price of primary aluminum and the level of Hawesville's operations. Based on the LME forward market at December 31, 2016 and management's estimate of the LME forward market beyond the quoted market period, we have assessed that we will not be required to make payments on the E.ON contingent obligation during the term of the agreement through 2028. There can be no assurance that circumstances will not change thus accelerating the timing of such payments.

Employee Benefit Plan Contributions

In 2013, we entered into a settlement agreement with the PBGC regarding an alleged "cessation of operations" at our Ravenswood facility as a result of the 2009 curtailment of operations at the facility. Pursuant to the terms of the agreement, we will make additional contributions (above any minimum required contributions) to our defined benefit pension plans over the term of the agreement. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we are able to defer one or more of these payments, but would then be required to provide the PBGC with acceptable security for deferred payments. We made contributions pursuant to this agreement of \$1.1 million in March 2015 and \$6.7 million in 2013. We did not make any contributions in 2014 or 2016. We have elected to defer other payments under the PBGC agreement and have provided the PBGC with the appropriate security. The remaining contributions under this agreement are approximately \$9.6 million.

In 2015, we made a contribution to the Mt. Holly defined benefit plan of \$34.6 million to satisfy our pension plan funding obligations under the Stock Purchase Agreement for the Mt. Holly acquisition. In 2016, we made contributions to the qualified defined benefit plans and unqualified supplemental executive retirement benefits ("SERB") plan totaling approximately \$1.8 million and expect to contribute approximately \$1.8 million during 2017. We may choose to make additional contributions to these plans from time to time at our discretion.

Helguvik project

If we were to cancel the Helguvik project, we may have exposure to contractual commitments that we will not be able to use, including cancellation and other costs, for which we currently have accrued liabilities of approximately \$11.9 million. We intend to continue to explore options to move forward with the Helguvik project, but ultimately power availability, together with other factors, will determine if and when we resume construction activity at Helguvik. We cannot, at this time, predict when or if the restart of major construction activity could occur.

Further delay or failure to restart construction could result in increases to our expected costs for the project and expose us to other losses and risks that are not foreseeable at this time. See Item 1A Risk Factors — "If we are unable to procure a reliable source of power, the Helguvik project may be further delayed or ultimately may not be feasible which could increase the cost of the project and could expose us to other risks, some of which may not be foreseeable at this time.", included herein.

Other Items

In November 2016, we received a refund for Icelandic withholding taxes paid in 2015 of \$9.9 million. The withholding taxes and associated refunds are payable in ISK and we are subject to foreign currency risk associated with fluctuations in the value of the U.S. dollar as compared to the ISK.

In 2011, our Board of Directors approved a \$60 million common stock repurchase program and subsequently increased this program by \$70 million in the first quarter of 2015. Through December 31, 2016, we have expended approximately \$86.3 million under the program. As of February 28, 2017, we had \$43.7 million remaining under the repurchase program authorization. The repurchase program may be expanded, suspended or discontinued by our Board, in its sole discretion, at any time.

We are also a defendant in several actions relating to various aspects of our business. While it is impossible to predict the ultimate disposition of any litigation, we do not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity. See Note 15 Commitments and contingencies to the consolidated financial statements included herein for additional information.

Critical Accounting Estimates

Our significant accounting policies are described in Note 1 Summary of significant accounting policies to the consolidated financial statements. The preparation of the financial statements requires that management make judgments, assumptions and estimates in applying these accounting policies. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Critical accounting estimates require management to make assumptions about matters that are highly uncertain at the time of the estimate and a change in these estimates may have a material impact on our financial position or results of operations. Significant judgments and estimates made by our management include expenses and liabilities related to pensions and other postretirement benefits ("OPEB"), deferred tax assets, accounting for business combinations and property, plant and equipment. Our management has discussed the development and selection of these critical accounting estimates with the audit committee of our board of directors and the audit committee has reviewed our disclosure.

Inventories

Our estimate of the market value of our inventories involves establishing a net realizable value for both finished goods and the components of inventory that will be converted to finished goods, raw materials and work in process. This requires management to use its judgment when making assumptions about future selling prices and the costs to complete our inventory during the period in which it will be sold.

Our assumptions are subject to inherent uncertainties given the volatility surrounding the market price for primary aluminum sales and the market price for one of our major inputs, electrical power.

Although we believe that the assumptions used to estimate the market value of our inventory are reasonable, actual market conditions at the time our inventory is sold may be more or less favorable than management's current estimates.

Pension and Other Postretirement Benefit Liabilities

We sponsor several pension and other postretirement benefit plans. Our liabilities under these defined benefit plans are determined using methodologies that involve several actuarial assumptions, the most significant of which are the discount rate, health care cost inflation rate and the long-term rate of return on plan assets. We review our actuarial assumptions on an annual basis and make modifications to the assumptions when appropriate.

Discount Rate Selection

It is our policy to select a discount rate for purposes of measuring obligations under defined benefit plans by matching cash flows separately for each plan to the yields on high-quality zero coupon bonds. We use the Ryan Discount Rate Curve (the "Ryan Curve"). We believe the Ryan Curve provides a method of developing a spot curve yield (our discount rate) that is consistent with observable market conditions.

The Ryan Curve was specifically developed to meet the criteria set forth in ASC 715 "Compensation — Retirement Benefits." The published information at the end of each calendar month includes spot rate yields (high quality zero coupon bond yield estimates) in half year increments for use in tailoring a discount rate to a particular plan's projected benefit cash flow. The Ryan Curve rate represents the assumed discount rate developed from these spot rate yields, based on the pattern and duration of the benefit payments of a typical, large, somewhat mature pension plan which we believe is consistent with our plans.

The individual characteristics of each plan, including projected cash flow patterns and payment durations, have been taken into account, since discount rates are determined on a plan-by-plan basis. For our underlying mortality assumption, we utilize the RP-2006 mortality table, tailored primarily to reflect industry and plan-specific demographics. We will generally select a discount rate rounded to the nearest 0.25% unless specific circumstances provide for a more appropriate non-rounded rate to be used. We believe the projected cash flows used to determine the Ryan Curve rate provide a good approximation of the timing and amounts of our defined benefit payments under our plans and no adjustment to the Ryan Curve rate has been made.

Weighted Average Discount Rate Assumption for: 2016 2015

Pension plans	4.19%	4.44%
OPEB plans	4.20%	4.50%

A change of a half percentage point in the discount rate for our defined benefit plans would have the following effects on our obligations under these plans as of December 31, 2016:

Effect of changes in the discount rates on the Projected Benefit Obligations for:	50 basis point increase	50 basis point decrease
	(dollars in millions)	
Pension plans	\$(18.2)	\$ 20.2
OPEB plans	(7.4)	8.0

Century provides postretirement benefit plans that provide health care and life insurance benefits for a portion of the retired employees of our U.S. based operations. ASC 715 requires the accrual of 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.

Measurement of our postretirement benefit obligations requires the use of several assumptions about factors that will affect the amount and timing of future benefit payments. The assumed health care cost trend rates are the most critical estimates for measurement of the postretirement benefit obligation. Changes in the health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligation.

Medical cost inflation is initially estimated to be 7.0%, declining to 4.5% over eleven years and thereafter. A one-percentage-point change in the assumed health care cost trend rate would have had the following effects in 2016:

	1%	1%
	Increase	Decrease
	(dollars in millions)	
Effect on total of service and interest cost components	\$0.9	\$(0.8)
Effect on accumulated postretirement benefit obligation	17.0	(14.3)

Long-term Rate of Return on Plan assets assumption

Our expected long-term return on plan assets is derived from our asset allocation strategies and anticipated future long-term performance of individual asset classes. Our analysis gives consideration to recent plan performance and historical returns; however, the assumptions are primarily based on long-term, prospective rates of return. The weighted average long-term rate of return on plan assets for our defined benefit pension plans is 7.10% for 2016. Based on information provided by independent actuaries and other relevant sources, the Company believes that the assumptions used to estimate expenses, assets and liabilities of pensions and other postretirement benefits are reasonable; however, changes in these assumptions could impact the Company's financial position, results of operations or cash flows.

Deferred Income Tax Assets

We regularly assess the likelihood that deferred tax assets will be recovered from future taxable income. To the extent we believe that it is more likely than not that a deferred tax asset will not be realized, a valuation allowance is established. When a valuation allowance is established or increased, an income tax charge is included in the consolidated statement of operations and net deferred tax assets are adjusted accordingly. Future changes in tax laws, statutory tax rates and taxable income levels could result in actual realization of the deferred tax assets being materially different from the amounts provided for in the consolidated financial statements.

The amount of a valuation allowance is based upon our best estimate of our ability to realize the net deferred tax assets. A valuation allowance can subsequently be reversed when we believe that the assets are realizable on a more likely than not basis. We have a valuation allowance of \$839 million recorded for all of our U.S. deferred tax assets and a portion of our Icelandic deferred tax assets as of December 31, 2016, due to our assessment that it is more likely than not that these assets will not be realized.

Accounting for Business Combinations

We account for acquired businesses using the purchase method of accounting, which requires that the assets acquired and liabilities assumed be recorded at the date of the acquisition at their respective estimated fair values. The judgments used to estimate the fair value assigned to each class of assets acquired and liabilities assumed, as well as the estimated life of each, can materially impact the results of operations for the current period and for periods subsequent to the acquisition through depreciation and amortization. For significant acquisitions, the purchase price allocation is carried out with assistance from independent third-party valuation specialists.

Property, Plant and Equipment Impairment

We review our property, plant and equipment for impairment whenever events or circumstances indicate that the carrying amount of these assets (asset group) may not be recoverable. The carrying amount of the assets (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the assets (asset group). In that case, an impairment loss would be recognized for the amount by which the carrying amount exceeds the fair value of the assets (asset group), with the fair value determined using a discounted cash flow calculation. These estimates of future cash flows include management's assumptions about the expected use of the assets (asset group), the remaining useful life, expenditures to maintain the service potential, market and cost assumptions.

Determination as to whether and how much an asset is impaired involves significant management judgment involving highly uncertain matters, including estimating the future sales volumes, future selling prices and costs, alternative uses for the asset, and estimated proceeds from the disposal of the asset.

Other Contingencies

We are a defendant in several actions relating to various aspects of our business. While it is impossible to predict the ultimate disposition of any litigation, we do not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity. See [Note 15 Commitments and contingencies](#) to the consolidated financial statements included herein for additional information.

Recently Issued Accounting Standards Updates

Information regarding recently issued accounting pronouncements is included in [Note 1 Summary of significant accounting policies](#) to the consolidated financial statements included herein.

Contractual Obligations

In the normal course of business, we have entered into various contractual obligations that will be settled in cash. These obligations consist primarily of long-term debt obligations and purchase obligations. The expected future cash flows required to meet these obligations are shown in the table below. More information is available about these contractual obligations in the notes to the consolidated financial statements included herein.

	Payments Due by Period						
	Total	2017	2018	2019	2020	2021	Thereafter
	(dollars in millions)						
Long-term debt (1)	\$258	\$—	\$—	\$—	\$—	\$250	\$ 8
Estimated interest payments (2)	84	19	19	19	19	8	—
Purchase obligations (3)	1,881	562	292	288	99	101	539
OPEB obligations (4)	242	7	8	8	8	8	203
Other liabilities (5)	86	6	13	8	12	9	38
Total	\$2,551	\$594	\$332	\$323	\$138	\$376	\$ 788

(1) Long-term debt includes principal repayments on the 7.5% Notes due 2021 and the IRB. Payments are based on the assumption that all outstanding debt instruments will remain outstanding until their respective due dates. Based on the LME forward market prices for primary aluminum at December 31, 2016 and management's estimate of the LME forward market for periods beyond the quoted periods, we have assessed that we will not have any payment obligations for the E.ON contingent obligation through the term of the agreement, which expires in 2028. See "Liquidity and Capital Resources - Contingent Commitments".

(2) Estimated interest payments on our long-term debt assume that all outstanding debt instruments will remain outstanding until their respective due dates. Our estimated future interest payments for any debt with a variable rate are based on the assumption that the December 31, 2016 rate for that debt continues until the respective due date. We assume that no interest payments on the E.ON contingent obligation will be paid through the term of agreement, see above.

(3) Purchase obligations include long-term alumina, power contracts and anode contracts, excluding market-based power and raw material requirements contracts. For contracts with LME-based pricing provisions, including our long-term alumina contracts and Icelandic power contracts, we assumed a LME price using the LME forward curve as of December 31, 2016.

(4) Includes the undiscounted estimated benefit payments for our OPEB obligations, which are unfunded.

(5) Other liabilities include estimated SERB benefit payments, workers' compensation benefit payments and asset retirement obligations. Asset retirement obligations are primarily estimated disposal costs for spent potliner used in the reduction cells of our domestic smelters.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk
Commodity Price Sensitivity

We are exposed to price risk for primary aluminum. From time to time, we may manage our exposure to fluctuations in the price of primary aluminum through financial instruments designed to protect our downside price risk exposure. As of December 31, 2016, we had open LME forward financial sales contracts to fix the forward LME price of approximately 66,000 tonnes of primary aluminum which contracts settle monthly, on a ratable basis, through December 31, 2017. With respect to these LME forward contracts, we were in a net asset position at December 31, 2016 with a fair value of \$670,000.

From time to time, we also enter into financial contracts to offset fixed price sales arrangements with certain of our customers. As of December 31, 2016, we had open positions related to such arrangements of 9,531 tonnes of primary aluminum which settle on various dates up to and including January 2018. These financial contracts have equal and offsetting asset and liability positions, resulting in a net zero fair value.

We are also exposed to price risk for alumina which is a large component of our cost of goods sold. We may from time to time manage our exposure to fluctuations in our alumina costs by purchasing certain of our alumina requirements under supply contracts with prices tied to the same indices as our aluminum sales contracts (the LME price of primary aluminum). Currently, all of our alumina contracts are priced based on a published alumina index. Our risk management activities do not include any trading or speculative transactions.

Market-Based Power Price Sensitivity

Market-Based Electrical Power Agreements

Hawesville and Sebree have market-based electrical power agreements pursuant to which EDF and Kenergy purchase market-based electrical power on the open market and pass it through to Hawesville and Sebree at MISO pricing, plus transmission and other costs incurred by them. A substantial portion of Mt. Holly's electric power requirements was also supplied at rates based on natural gas prices. See Part I, Item 1, "Business - Supply Contracts - Electrical Power Supply Agreements" for additional information about these market-based power agreements.

Power is supplied to Grundartangi from hydroelectric and geothermal sources under long-term power purchase agreements. These power purchase agreements, which will expire on various dates from 2023 through 2036 (subject to extension), primarily provide power at LME-based variable rates. However, Grundartangi has agreed to pay for a portion of its power from November 1, 2019 through December 31, 2023 at prices based on the price for power in the Nord Pool power market.

Electrical Power Price Sensitivity

With the movement toward market-based power supply agreements, we have increased our electrical power price risk for our operations, whether due to fluctuations in the price of power available on the MISO or Nord Pool power markets or the price of natural gas. Power represents our single largest operating cost, so changes in the price and/or availability of market power could significantly impact the profitability and viability of our operations. Transmission line outages, problems with grid stability or limitations on energy import capability could also increase power prices, disrupt production through pot instability or force a curtailment of all or part of the production at these facilities. In addition, indirect factors that lead to power cost increases, such as any increasing prices for natural gas or coal, fluctuations in or extremes in weather patterns or new or more stringent environmental regulations may severely impact our financial condition, results of operations and liquidity.

While we currently do not have any open forward contracts to mitigate the price risk associated with our open market power purchases, we may manage our exposure by entering into certain forward contracts or option contracts in future periods.

The consumption shown in the table below is at normal capacity levels and does not reflect partial production curtailments.

Electrical power price sensitivity by location:

	Hawesville	Sebree	Mt. Holly	Total
Expected average load (in megawatts ("MW"))	482	385	400	1,267
Annual expected electrical power usage (in megawatt hours ("MWh"))	4,222,320	3,372,600	3,504,000	11,098,920
Annual cost impact of an increase or decrease of \$1 per MWh (in thousands)	\$ 4,200	\$ 3,400	\$ 3,500	\$ 11,100

Foreign Currency

We are exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the ISK, the euro, the Chinese renminbi and other currencies. Grundartangi's labor costs, part of its maintenance costs and other local services are denominated in ISK and a portion of its anode costs are denominated in euros and Chinese renminbi. We have deposits denominated in ISK in Icelandic banks; in addition, our estimated payments of Icelandic income taxes and any associated refunds are denominated in ISK. As a result, an increase or decrease in the value of those currencies relative to the U.S. dollar would affect Grundartangi's operating margins. In addition, Vlissingen's labor costs, maintenance costs and other local services are denominated in euros.

We may manage our exposure by entering into foreign currency forward contracts or option contracts for forecasted transactions and projected cash flows for foreign currencies in future periods. As of December 31, 2016, we had no foreign currency forward contracts outstanding.

Natural Economic Hedges

Any analysis of our exposure to the commodity price of aluminum should consider the impact of natural hedges provided by certain contracts that contain pricing indexed to the LME price for primary aluminum. In 2016, certain of our alumina contracts, as well as certain of Grundartangi's electrical power contracts, were indexed to the LME price for primary aluminum which provides a natural hedge for a portion of our production.

Risk Management

Our metals, power, natural gas and foreign currency risk management activities are subject to the control and direction of senior management within guidelines established by Century's Board of Directors. These activities are regularly reported to Century's Board of Directors.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Century Aluminum Company
Chicago, Illinois

We have audited the accompanying consolidated balance sheets of Century Aluminum Company and subsidiaries (the “Company”) as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), shareholders’ equity, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Century Aluminum Company and subsidiaries at December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 14, 2017 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ Deloitte & Touche LLP

Chicago, Illinois
March 14, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Century Aluminum Company
Chicago, Illinois

We have audited the internal control over financial reporting of Century Aluminum Company and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Internal Control over Financial Reporting in the accompanying Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2016 of the Company and our report dated March 14, 2017 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP
Chicago, Illinois

March 14, 2017

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CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

	Year Ended December 31,		
	2016	2015	2014
NET SALES:			
Related parties	\$1,178,631	\$1,867,711	\$1,262,101
Third-party customers	140,463	82,146	668,941
Total net sales	1,319,094	1,949,857	1,931,042
Cost of goods sold	1,330,136	1,908,544	1,729,243
Gross profit (loss)	(11,042)	)41,313	201,799
Selling, general and administrative expenses	40,264	42,115	49,195
Helguvik impairment	152,220	—	—
Ravenswood charges	26,830	30,850	—
Other operating expense - net	3,857	7,436	12,481
Operating income (loss)	(234,213)	)(39,088)	)140,123
Interest expense	(22,216)	)(21,954)	)(22,015)
Interest income	758	339	301
Net gain on forward and derivative contracts	3,487	1,600	179
Unrealized gain on fair value of contingent consideration	—	18,337	7,943
Gain on remeasurement of equity investment	—	—	15,955
Other income (expense) - net	1,319	(356)	)991
Income (loss) before income taxes and equity in earnings of joint ventures	(250,865)	)(41,122)	)143,477
Income tax expense	(2,824)	)(9,276)	)(18,308)
Income (loss) before equity in earnings of joint ventures	(253,689)	)(50,398)	)125,169
BHH impairment	—	(11,584))—
Equity in earnings of joint ventures	1,274	2,672	1,305
Net income (loss)	\$(252,415)	\$(59,310)	)\$126,474
INCOME (LOSS) PER COMMON SHARE:			
Basic	\$(2.90)	\$(0.68)	)\$1.31
Diluted	\$(2.90)	\$(0.68)	)\$1.30

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

	Year Ended December 31,		
	2016	2015	2014
Comprehensive income (loss):			
Net income (loss)	\$(252,415)	\$(59,310)	\$126,474
Other comprehensive income (loss) before income tax effect:			
Foreign currency cash flow hedges reclassified to net income (loss)	4,295	(186)	(186)
Defined benefit plans and other postretirement benefits:			
Net gain (loss) arising during the period	(9,522)	5,553	(41,995)
Prior service benefit arising during the period	—	1,758	(1,299)
Amortization of prior service benefit during the period	(2,675)	(8,351)	(3,504)
Amortization of net loss during the period	8,190	7,794	10,312
Other comprehensive income (loss) before income tax effect	288	6,568	(36,672)
Income tax effect	(1,531)	(1,536)	(1,829)
Other comprehensive income (loss)	(1,243)	5,032	(38,501)
Total comprehensive income (loss)	\$(253,658)	\$(54,278)	\$87,973

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY
CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

	December 31,	
	2016	2015
ASSETS		
Cash and cash equivalents	\$132,403	\$115,393
Restricted cash	1,050	791
Accounts receivable - net	12,432	9,475
Due from affiliates	16,651	17,417
Inventories	233,563	231,872
Prepaid and other current assets	22,210	42,412
Assets held for sale	22,313	30,697
Total current assets	440,622	448,057
Property, plant and equipment - net	1,026,285	1,232,256
Other assets	73,420	72,155
TOTAL	\$1,540,327	\$1,752,468
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	\$94,960	\$90,489
Due to affiliates	15,368	10,045
Accrued and other current liabilities	50,100	48,822
Accrued employee benefits costs	10,917	10,148
Industrial revenue bonds	7,815	7,815
Total current liabilities	179,160	167,319
Senior notes payable	247,699	247,278
Accrued pension benefits costs - less current portion	49,493	43,999
Accrued postretirement benefits costs - less current portion	126,355	125,999
Other liabilities	72,026	53,009
Deferred taxes	108,939	106,053
Total noncurrent liabilities	604,512	576,338
COMMITMENTS AND CONTINGENCIES (NOTE 15)		
SHAREHOLDERS' EQUITY:		
Preferred stock (Note 7)	1	1
Common stock (Note 7)	944	942
Additional paid-in capital	2,515,131	2,513,631
Treasury stock, at cost	(86,276)	(86,276)
Accumulated other comprehensive loss	(113,893)	(112,650)
Accumulated deficit	(1,559,252)	(1,306,837)
Total shareholders' equity	756,655	1,008,811
TOTAL	\$1,540,327	\$1,752,468

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)

	Preferred stock	Common stock	Additional paid-in capital	Treasury stock, at cost	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
Balance, December 31, 2013	\$ 1	\$ 935	\$2,508,574	\$(49,924)	\$(91,832)	\$(1,374,001)	\$993,753
Net income – 2014	—	—	—	—	—	126,474	126,474
Other comprehensive loss	—	—	—	—	(38,501)	—	(38,501)
Elimination of equity in investee resulting from acquisition	—	—	—	—	12,651	—	12,651
Share-based compensation expense	—	2	1,689	—	—	—	1,691
Conversion of preferred stock to common stock	—	2	(2)	—	—	—	—
Balance, December 31, 2014	\$ 1	\$ 939	\$2,510,261	\$(49,924)	\$(117,682)	\$(1,247,527)	\$1,096,068
Net loss – 2015	—	—	—	—	—	(59,310)	(59,310)
Other comprehensive income	—	—	—	—	5,032	—	5,032
Repurchase of common stock	—	—	—	(36,352)	—	—	(36,352)
Share-based compensation expense	—	1	3,372	—	—	—	3,373
Conversion of preferred stock to common stock	—	2	(2)	—	—	—	—
Balance, December 31, 2015	\$ 1	\$ 942	\$2,513,631	\$(86,276)	\$(112,650)	\$(1,306,837)	\$1,008,811
Net loss – 2016	—	—	—	—	—	(252,415)	(252,415)
Other comprehensive loss	—	—	—	—	(1,243)	—	(1,243)
Share-based compensation expense	—	—	1,502	—	—	—	1,502
Conversion of preferred stock to common stock	—	2	(2)	—	—	—	—
Balance, December 31, 2016	\$ 1	\$ 944	\$2,515,131	\$(86,276)	\$(113,893)	\$(1,559,252)	\$756,655

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$(252,415)	\$(59,310)	\$126,474
Adjustments to reconcile net loss to net cash provided by operating activities:			
Unrealized gain on fair value of contingent consideration	—	(18,337)	(7,943)
Gain on remeasurement of equity investment	—	—	(15,955)
Unrealized gain on E.ON contingent obligation	(1,411)	(1,411)	(1,412)
Lower of cost or market inventory adjustment	(660)	7,539	(1,247)
Depreciation and amortization	84,780	80,117	70,827
Helguvik impairment	152,220	—	—
Ravenswood impairment	3,830	30,850	—
BHH impairment	—	11,584	—
Sebree power contract amortization	—	—	(5,534)
Pension and other postretirement benefits	2,863	(4,991)	6,939
Deferred income taxes	(893)	(178)	2,633
Stock-based compensation	1,502	1,844	1,334
Equity in earnings of joint ventures, net of dividends	(367)	(806)	425
Change in operating assets and liabilities:			
Accounts receivable - net	(2,957)	68,192	(8,712)
Due from affiliates	766	14,086	12,084
Inventories	919	44,896	(16,513)
Prepaid and other current assets	18,313	(144)	3,392
Accounts payable, trade	2,271	(60,583)	11,797
Due to affiliates	7,212	(12,216)	3,058
Accrued and other current liabilities	(3,900)	(31,540)	18,071
Pension contribution - Mt. Holly	—	(34,595)	—
Ravenswood retiree legal settlement	23,000	—	—
Other - net	3,100	(3,131)	7,962
Net cash provided by operating activities	38,173	31,866	207,680
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(21,944)	(54,700)	(55,126)
Purchase of Sebree smelter	—	—	(1,042)
Purchase of remaining interest in Mt. Holly smelter	—	11,313	(65,100)
Proceeds from sale of property, plant and equipment	1,040	14	46
Restricted and other cash deposits	(259)	10	896
Net cash used in investing activities	(21,163)	(43,363)	(120,326)

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2016	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of debt	—	—	(2,603)
Borrowings under revolving credit facilities	1,179	1,737	92,423
Repayments under revolving credit facilities	(1,179)	(1,737)	(98,423)
Repurchase of common stock	—	(36,352)	—
Issuance of common stock	—	—	403
Net cash used in financing activities	—	(36,352)	(8,200)
CHANGE IN CASH AND CASH EQUIVALENTS	17,010	(47,849)	79,154
Cash and cash equivalents, beginning of year	115,393	163,242	84,088
Cash and cash equivalents, end of year	\$ 132,403	\$ 115,393	\$ 163,242

See notes to consolidated financial statements.

CENTURY ALUMINUM COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(amounts in thousands, except share and per share amounts)

1. Summary of significant accounting policies

Organization and Basis of Presentation — Century Aluminum Company ("Century Aluminum," "Century," the "Company," "we", "us", "our" or "ours") is a holding company, whose principal subsidiaries are Century Kentucky, Inc. (together with its subsidiaries, "CAKY"), Nordural ehf ("Nordural"), Century Aluminum Sebree LLC ("Century Sebree"), Century Aluminum of South Carolina ("CASC"), and Century Aluminum of West Virginia, Inc. ("Century of West Virginia"). CAKY operates a primary aluminum reduction facility in Hawesville, Kentucky ("Hawesville"). Nordural Grundartangi ehf, a subsidiary of Nordural, operates a primary aluminum reduction facility in Grundartangi, Iceland ("Grundartangi"). Century Sebree operates a primary aluminum reduction facility in Robards, Kentucky ("Sebree"). CASC operates a primary aluminum reduction facility in Goose Creek, South Carolina ("Mt. Holly"). Nordural Helguvik ehf, a subsidiary of Nordural, owns a greenfield primary aluminum project in Helguvik, Iceland ("Helguvik" or the "Helguvik project"), construction of which is currently curtailed.

In addition to our primary aluminum assets, our subsidiary, Century Vlissingen, owns and operates a carbon anode production facility located in Vlissingen, the Netherlands ("Vlissingen"). We also own a 40% stake in Baise Haohai Carbon Co., Ltd. ("BHH"), a joint venture that owns and operates a carbon anode and cathode facility located in the Guangxi Zhuang Autonomous Region of south China. Carbon anodes are used in the production of primary aluminum and both BHH and Vlissingen currently supply carbon anodes to Grundartangi.

As of December 31, 2016, Glencore owns 42.9% of Century's outstanding common stock (47.5% on a fully-diluted basis assuming the conversion of all of the Series A Convertible Preferred Stock) and all of our outstanding Series A Convertible Preferred stock. See [Note 7 Shareholder's equity](#) for a full description of our outstanding Series A Convertible Preferred stock. From time to time Century and Glencore enter into various transactions for the purchase and sale of primary aluminum, purchase and sale of alumina, tolling agreements and certain forward financial contracts. See [Note 2 Related party transactions](#).

Principles of Consolidation — The consolidated financial statements include the accounts of Century Aluminum Company and our subsidiaries, after elimination of all intercompany transactions and accounts. Our interest in the BHH joint venture is accounted for under the equity method on a one-quarter lag. Prior to the acquisition of Mt. Holly, we accounted for our interest in Mt. Holly using the equity method of accounting.

Revenue recognition — In connection with our sales agreement with Glencore, we invoice Glencore prior to physical shipment of goods for substantially all production generated from each of our US domestic smelters. For those sales, revenue is recognized only when Glencore has specifically requested such treatment and has made a commitment to purchase the product. The goods must be complete, ready for shipment and separated from other inventory with title and risk of ownership passing to Glencore. We must retain no performance obligations. For all other shipments, including sales to Glencore from our smelter in Iceland and our tolling agreement with Glencore, revenue is recognized when title and risk of loss pass to the customer which is upon shipment.

Cash and Cash Equivalents — Cash and cash equivalents are comprised of cash, money market funds and short-term investments having original maturities of three months or less. The carrying amount of cash equivalents approximates fair value.

Accounts Receivable and Due from Affiliates — These amounts are net of an allowance for uncollectible accounts and credit memos of \$1,000 at December 31, 2016 and 2015.

Inventories — Our inventories are stated at the lower of cost or Net Realizable Value ("NRV"), using the first-in, first-out ("FIFO") and the weighted average cost method. Due to the nature of our business, our inventory values are subject to market price changes and these changes can have a significant impact on cost of goods sold and gross profit in any period. On average, our inventory turns eight times within a year and reductions in net realizable value below cost basis at the end of a period will have an impact on our cost of goods sold as this inventory is sold in subsequent periods.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Property, Plant and Equipment — Property, plant and equipment is stated at cost. Additions, renewals and improvements are capitalized. Asset and accumulated depreciation accounts are relieved for dispositions with resulting gains or losses included in Other income (expense) – net. Maintenance and repairs are expensed as incurred. We capitalize interest for the construction of qualifying assets. Depreciation of plant and equipment is provided for by the straight-line method over the following estimated useful lives:

Building and improvements 10 to 45 years

Machinery and equipment 5 to 35 years

Technology and software 3 to 7 years

Impairment of long-lived assets — We evaluate our property, plant and equipment for potential impairment whenever events or circumstances indicate that the carrying amount of these assets may not be recoverable. If deemed unrecoverable, an impairment loss would be recognized for the amount by which the carrying amount exceeds the fair value of the assets. Impairment evaluation and fair value is based on estimates and assumptions that take into account our business plans and a long-term investment horizon. See Note 3 Asset impairment and Note 2 Related party transactions for impairment losses recognized in 2015 and 2016. We did not recognize any impairment losses on our long-lived fixed assets during 2014.

Business Acquisitions — We allocate the purchase price to the assets acquired and liabilities assumed based on their estimated fair values on the date of the acquisition. The difference between the fair value of the net assets acquired and the purchase price is recorded as either goodwill or a bargain purchase gain. We record the operating results of our acquired businesses in our consolidated statements of operations from the date of acquisition.

Income Taxes — We account for income taxes using the asset and liability method, whereby deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In evaluating our ability to realize deferred tax assets, we use judgment to determine if it is more likely than not that some portion or all of a deferred tax asset will not be realized, and if a corresponding valuation allowance is required. Additionally, we have provided for deferred taxes on unremitted foreign earnings.

Defined Benefit Pension and Other Postretirement Benefits — We sponsor defined benefit pension and OPEB plans for certain of our domestic hourly and salaried employees and a SERB plan for certain current and former executive officers. Plan assets and obligations are measured annually, or more frequently if there is a re-measurement event, based on the Company's measurement date utilizing various actuarial assumptions. We attribute the service costs for the plans over the working lives of plan participants. The effects of actual results differing from our assumptions and the effects of changing assumptions are considered actuarial gains or losses. Actuarial gains or losses are recorded in Accumulated other comprehensive income (loss).

We contribute to our defined benefit pension plans based upon actuarial and economic assumptions designed to achieve adequate funding of the projected benefit obligations and to meet the minimum funding requirements.

Postemployment Benefits — We provide certain postemployment benefits to certain former and inactive employees and their dependents during the period following employment, but before retirement. These benefits include salary continuance, supplemental unemployment and disability healthcare. We recognize the estimated future cost of providing postemployment benefits on an accrual basis over the active service life of the employee.

Derivative and Hedging — As a global producer of primary aluminum, our operating results and cash flows from operations are subject to risk of fluctuations in the market prices of primary aluminum. We may from time to time enter into financial contracts to manage our exposure to such risk. Derivative instruments may consist of variable to fixed financial contracts and back-to-back fixed to floating arrangements for a portion of our sale of primary aluminum, where we receive fixed and pay floating prices from our third party customer and to Glencore, respectively. These derivatives are not designated as cash flow hedges.

Derivative and hedging instruments are recorded in prepaid and other current assets, due from/to affiliates, or other liabilities in the consolidated balance sheets at fair value. We value our derivative and hedging instruments using

quoted market prices and other significant unobservable inputs.

We recognize changes in fair value and settlements of derivative instruments in net gain (loss) on forward and derivative contracts in the consolidated statements of operations as they occur.

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CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Foreign Currency – We are exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the euro, the Icelandic krona ("ISK") and the Chinese renminbi. Grundartangi and Vlissingen use the U.S. dollar as their functional currency, as contracts for sales and purchases of alumina and power are denominated in U.S. dollar. BHH uses the renminbi as its functional currency. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise and any transaction gains and losses are reflected in Other income (expense) – net in the consolidated statements of operations.

Financial Instruments — Receivables, certain life insurance policies, payables, borrowings under revolving credit facilities and debt related to industrial revenue bonds ("IRBs") are carried at amounts that approximate fair value.

Earnings per share — Basic earnings (loss) per share ("EPS") amounts are calculated by dividing earnings (loss) available to common stockholders by the weighted average number of common shares outstanding. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive common shares outstanding.

We calculate the amount of net income (loss) allocated to common stockholders and basic EPS using the Two-Class Method, allocating undistributed income to our Series A Convertible Preferred Stock shareholder consistent with their participation rights, and diluted EPS using the If-Converted Method when applicable.

Our Series A Convertible Preferred Stock is a non-cumulative perpetual participating convertible preferred stock with no set dividend preferences. In periods where we report net losses, we do not allocate these losses to the convertible preferred stock for the computation of basic or diluted EPS.

Asset Retirement Obligations — We are subject to environmental regulations which create certain legal obligations related to the normal operations of our domestic primary aluminum smelter operations. Our asset retirement obligations ("AROs") consist primarily of costs associated with the disposal of spent pot liner used in the reduction cells of our domestic facilities. AROs are recorded on a discounted basis at the time the obligation is incurred (when the pot liner is put in service) and accreted over time for the change in the present value of the liability. We capitalize the asset retirement costs by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful lives.

Certain conditional asset retirement obligations ("CAROs") relate to the remediation of our primary aluminum facilities for hazardous material, such as landfill materials and asbestos which have not been recorded because they have an indeterminate settlement date. CAROs are a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within our control.

Concentrations of Credit Risk — Financial instruments, which potentially expose us to concentrations of credit risk, consist principally of trade receivables. Our limited customer base increases our concentrations of credit risk with respect to trade receivables. We routinely assess the financial strength of our customers and collectability of our trade receivables.

Share-Based Compensation — We measure the cost of employee services received in exchange for an award of equity instruments based on the fair value of the award on the grant date. We recognize the cost over the period during which an employee is required to provide service in exchange for the award. We issue shares to satisfy the requirements of our share-based compensation plans. At this time, we do not plan to issue treasury shares to support our share-based compensation plans, but we may in the future. We award performance units to certain officers and employees. The performance units may be settled in cash or common stock at the discretion of the Board. We have not issued any stock options since 2009.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") 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.

Immaterial Restatement — We identified a prior year misstatement arising from an incomplete recognition of deferred tax liabilities. We have determined the misstatement to be immaterial to the consolidated financial statements for all respective periods. As a result, we have restated beginning retained earnings as of December 31, 2013 in the consolidated statements of shareholders' equity and deferred tax liabilities in the consolidated balance sheets as of

December 31, 2015 for the impact of such misstatement in the amount of \$9,059. The correction has no impact on consolidated net loss and cash flows for all years presented. The notes to the consolidated financial statements have been revised to reflect the correction of the aforementioned misstatement.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Recently Issued Accounting Standards

In May 2014, the FASB and International Accounting Standards Board ("IASB") issued their final standard on revenue from contracts with customers. The standard, issued as ASU 2014-09 "Revenue From Contracts with Customers (Topic 606)" by the FASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. Compared with current GAAP, the ASU requires significantly expanded disclosures about revenue recognition. The ASU is effective for Century beginning January 1, 2018.

Based on assessment completed to date and historical terms of our most significant revenue contract with customers, we anticipate identifying similar performance obligations under ASU 2014-09, as compared with deliverables and separate units of accounts previously. Accordingly, we do not expect a material difference in the timing and amount of revenues recognized today and those upon the adoption of ASU 2014-09, and we expect to adopt the standard on a modified retrospective basis. We continue to assess the impact of adopting this standard as our revenue contracts for 2018 are executed. Our preliminary conclusion may differ from that reached on the adoption date, based on actual terms of our revenue contracts with customers, industry clarifications and additional guidance from the FASB and SEC, in effect as of the adoption date.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," which supersedes all existing guidance on accounting for leases in ASC Topic 840. ASU 2016-02 is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet. ASU 2016-02 will continue to classify leases as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. ASU 2016-02 is effective for Century beginning January 1, 2019.

While we continue to evaluate the effects of adopting the provisions of ASU No. 2016-02, we expect most existing operating lease commitments will be recognized as operating lease liabilities and right-of-use assets upon adoption. We do not anticipate such adoption to impact our cash flows. We expect to adopt this standard on a modified retrospective basis.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Related party transactions

The significant related party transactions occurring during the years ended December 31, 2016, 2015 and 2014 are described below. We believe that all of our transactions with Glencore were at prices that approximate market.

Glencore ownership

As of December 31, 2016, Glencore owns 42.9% of Century's outstanding common stock (47.5% on a fully-diluted basis assuming the conversion of all of the Series A Convertible Preferred Stock) and all of our outstanding Series A Convertible Preferred stock. See Note 7 Shareholder's equity for a full description of our outstanding Series A Convertible Preferred stock. From time to time Century and Glencore enter into various transactions for the purchase and sale of primary aluminum, purchase and sale of alumina, tolling agreements and certain forward financial contracts.

Sales to Glencore

For the year ended December 31, 2016, we derived approximately 89% of our consolidated sales from Glencore. Glencore purchased substantially all of the aluminum produced at our North American smelters during 2016 under a purchase and sale agreement, effective as of December 31, 2014 (the "2015-2016 US Sales Agreement"). The 2015-2016 US Sales Agreement expired on December 31, 2016. We have since entered into a new agreement with Glencore pursuant to which Glencore has agreed to purchase certain aluminum products produced at our North American smelters in 2017. The pricing for aluminum sold under these agreements is determined by reference to the Midwest Transaction Price plus additional negotiated product premiums.

We have also entered into an agreement with Glencore pursuant to which Glencore has agreed to purchase substantially all of the primary aluminum produced at Grundartangi through 2017 at prices based on the LME price for primary aluminum plus the European Duty Paid premium and any applicable product premiums. We also received tolling fees from Glencore under a tolling agreement that provided for delivery of primary aluminum produced at Grundartangi through June 2016. The fee paid by Glencore under this tolling agreement was based on the LME price for primary aluminum plus a portion of the European Duty Paid premium.

Glencore purchases the aluminum we produce for resale.

Purchases from Glencore

We purchase a portion of our alumina requirements from Glencore under a long-term supply agreement and on a spot basis. Pursuant to our current agreement, Glencore has agreed to supply us with alumina through 2017 at prices based on a published alumina index.

Financial contracts with Glencore

During 2016, we entered into certain financial contracts with Glencore. As of December 31, 2016, we had an open position of 60,600 tonnes related to LME forward financial sales contracts with Glencore to fix the forward LME price (the "Forward Sales Contracts"). The Forward Sales Contracts settle monthly, on a ratable basis, through December 31, 2017. From time to time, we enter into financial contracts to offset fixed price sales arrangements with certain of our customers. As of December 31, 2016, we had an open position related to such arrangements of 9,531 tonnes (the "fixed for floating swaps"). Fixed for floating swaps settle at various dates up to and including January 2018. Changes in fair value and settlements of these derivative instruments are not material to the consolidated financial statements for all periods presented.

Transactions with BHH

We own a 40% stake in BHH and purchase carbon anodes from them for use in our manufacturing operations. In the fourth quarter of 2015, we completed the construction of a second furnace at our carbon anode facility in Vlissingen, Netherlands. This investment increases our capacity to produce carbon anodes and reduces our need to source carbon anodes from BHH. As a result, in the fourth quarter of 2015, we made the decision to pursue an exit from our investment in BHH. In connection with our exit plan, we concluded that our investment in BHH was other than temporarily impaired and recorded a charge of \$11,584. Fair value for the investment was based on a proposed sale transaction for a portion of the investment.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summary

A summary of the aforementioned significant related party transactions for the years ended December 31, 2016, 2015 and 2014 is as follows:

	Year Ended December 31,		
	2016	2015	2014
Net sales to Glencore	\$1,178,631	\$1,867,711	\$1,262,101
Purchases from Glencore	231,850	393,158	285,167
Purchases from BHH	10,127	46,592	47,804

3. Asset impairment

Helguvik impairment

In November 2016, the arbitration panel in the proceedings between Nordural Helguvik ehf and HS concluded that our agreement with HS was no longer in force. We determined that the lack of a power agreement for the entirety of the project requirements represented an indicator of impairment associated with the Helguvik project.

Our analysis of the project indicated the undiscounted cash flow did not exceed the carrying value of the Helguvik project. Discounted cash flows were utilized to reduce the carrying value of the Helguvik project to fair value. We considered future development plans for the project, the lack of a power agreement for the entirety of the project requirements and long-term forward prices of LME and EDPP along with alumina and power costs. As a result, we recorded an impairment loss of \$152,220 representing the net book value of the Helguvik project as of December 31, 2016.

We have classified the aforementioned fair value within Level 3 of the fair value hierarchy, as the significant inputs are not observable.

Ravenswood impairment

On July 27, 2015, we announced the immediate and permanent closure of our Ravenswood, West Virginia aluminum smelter ("Ravenswood"). Ravenswood has been idled since February 2009. The decision to permanently close Ravenswood was based on the inability to secure a competitive power contract for the smelter, compounded by challenging aluminum market conditions largely driven by increased exports of aluminum from China.

At June 30, 2015, we recorded an impairment charge of \$30,850 related to Ravenswood. Based on an asset purchase agreement for the sale of the assets entered into in 2016, we recorded an additional impairment charge of \$3,830, included in Ravenswood charges in the consolidated statements of operations for the year ended December 31, 2016. In January 2017, we completed our sale of the Ravenswood facility and assets for \$15,000 in cash from the buyer.

4. Business acquisitions

Acquisition of Mt. Holly aluminum smelter

On October 23, 2014, our wholly-owned subsidiary, Berkeley Aluminum Inc. ("Berkeley") entered into a stock purchase agreement (the "Stock Purchase Agreement") with Alumax Inc. ("Alumax"), a wholly-owned subsidiary of Alcoa Inc. ("Alcoa"), pursuant to which Berkeley acquired all of the issued and outstanding shares of Alumax of South Carolina, Inc. ("Alumax of SC") and thereby acquired Alcoa's 50.3% stake in Mt. Holly. Berkeley had previously owned 49.7% of Mt. Holly. Immediately following the consummation of the transaction on December 1, 2014, Berkeley merged with and into Alumax of SC with Alumax of SC surviving and changing its name to Century Aluminum of South Carolina, Inc. ("CASC"). Following the consummation of the transaction, CASC owned 100% of Mt. Holly. Mt. Holly, located in Goose Creek, South Carolina, employed approximately 600 people and had an annual production capacity of 231,000 tonnes of primary aluminum as of the acquisition date.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Pursuant to the terms of the Stock Purchase Agreement, Berkeley acquired all of the issued and outstanding shares of capital stock of Alumax of SC for \$67,500 in cash subject to a contingent earn-out payment, working capital and other similar adjustments. The acquisition was funded with available cash on hand.

We accounted for this transaction as a step acquisition and this resulted in a non-cash pre-tax gain of \$15,955 at closing. Acquisition-related costs for Mt. Holly of \$1,539 were expensed to selling, general and administrative expenses in the period that they were incurred.

The following table summarizes all of the elements of purchase consideration for the transaction as of December 1, 2014.

Purchase price	\$67,500
Contingent consideration	13,780
Economic, working capital and other closing adjustments	(13,513)
Total consideration	\$67,767

We received payments from Alcoa of \$12,500 in settlement of the contingent consideration in March 2016, \$11,313 for economic and working capital adjustments in April 2015 and \$2,400 at closing which was primarily for post-employment benefits.

We recognized gains on contingent consideration of \$18,337 and \$7,943, respectively, during the twelve months ended December 31, 2015 and December 31, 2014.

The total net cash consideration paid to Alcoa after final resolution of all post-closing adjustments, including the earn-out provision, was \$41,487.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Fair value measurements

ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Valuation techniques used for fair value measurements are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our internal market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 – Valuations are based on quoted prices for identical assets or liabilities in an active market.

Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations for which all significant inputs are observable or can be corroborated by observable market data.

Level 3 – Assets or liabilities whose significant inputs are unobservable. Valuations are determined using pricing models and discounted cash flow models and include management judgment and estimation which may be significant. The following section describes the valuation methodology used to measure our financial assets and liabilities that were accounted for at fair value.

Overview of Century's valuation methodology

	Level	Significant inputs
Cash equivalents	1	Quoted market prices
Trust assets (1)	1	Quoted market prices
Surety bonds	1	Quoted market prices
Forward sales contracts	2	Quoted market prices
Fixed for floating swaps	3	Quoted LME forward market, management's estimates of future U.S. Midwest premium
E.ON contingent obligation	3	Quoted LME forward market, management's estimates of the LME forward market prices for periods beyond the quoted periods and management's estimate of future level of operations

Trust assets are currently invested in money market funds. These trust assets are held to fund the non-qualified supplemental executive pension benefit obligations for certain of our officers. The trust has sole authority to invest (1) the funds in secure interest producing investments consisting of short-term securities issued or guaranteed by the United States government or cash and cash equivalents.

Our fair value measurements include the consideration of market risks that other market participants might consider in pricing the particular asset or liability, specifically non-performance risk and counterparty credit risk. Considerations of the non-performance risk and counterparty credit risk are used to establish the appropriate risk-adjusted discount rates used in our fair value measurements.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and the placement within the fair value hierarchy levels. There were no transfers between Level 1 and 2 during the periods presented. There were no transfers into or out of Level 3 during the periods presented. It is our policy to recognize transfers into and transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfer.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Recurring Fair Value Measurements As of December 31, 2016

	Level 1	Level 2	Level 3	Total
ASSETS:				
Cash equivalents	\$79,014	\$—	\$—	\$79,014
Trust assets	3,147	—	—	3,147
Surety bonds	1,874	—	—	1,874
Derivative instruments	—	—	925	925
TOTAL	\$84,035	\$—	-\$925	\$84,960

LIABILITIES:

E.ON contingent obligation – net (1)	\$—	\$—	\$—	\$—
Derivative instruments	—	—	253	253
TOTAL	\$—	\$—	-\$253	\$253

Recurring Fair Value Measurements As of December 31, 2015

	Level 1	Level 2	Level 3	Total
ASSETS:				
Cash equivalents	\$102,675	\$—	\$—	-\$102,675
Trust assets	5,226	—	—	5,226
Surety bonds	1,870	—	—	1,870
TOTAL	\$109,771	\$—	-\$—	-\$109,771

LIABILITIES:

E.ON contingent obligation – net (1)	\$—	\$—	\$—	\$—
TOTAL	\$—	\$—	\$—	\$—

(1) See Note 6 Debt for additional information about the E.ON contingent obligation.

6. Debt

	December 31, 2016	2015
Debt classified as current liabilities:		
Hancock County industrial revenue bonds ("IRBs") due 2028, interest payable quarterly (variable interest rates (not to exceed 12%)) (1)	\$7,815	\$7,815
Debt classified as non-current liabilities:		
7.5% senior secured notes due June 1, 2021, net of debt discount of \$2,301 and \$2,722, respectively, interest payable semiannually	247,699	247,278
Total	\$255,514	\$255,093

(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 IRB interest rate at December 31, 2016 was .92%.

U.S. Revolving Credit Facility

General. We and certain of our direct and indirect domestic subsidiaries (together with Century, the "Borrowers") and Wells Fargo Capital Finance, LLC, as lender and agent, and Credit Suisse AG, BNP Paribas and Morgan Stanley Senior Funding Inc., as lenders, are parties to the Amended and Restated Loan and Security Agreement, dated May 24, 2013 (as amended from time to time, the "U.S. revolving credit facility"). The U.S. revolving credit facility has a term through June 26, 2020 and provides for borrowings of up to \$150,000 in the aggregate, including up to \$110,000 under a letter of credit sub-facility. Any letters of credit issued and outstanding under the U.S. revolving credit facility reduce our borrowing availability on a dollar-for-dollar basis. At

CENTURY ALUMINUM COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2016, there were no outstanding borrowings under our U.S. revolving credit facility. Principal payments, if any, are due upon maturity of the U.S. revolving credit facility in June 2020.

Status of our U.S. revolving credit facility:

	December 31, 2016
Credit facility maximum amount	\$ 150,000
Borrowing availability	96,048
Outstanding letters of credit issued	45,944
Outstanding borrowings	—
Borrowing availability, net of outstanding letters of credit and borrowings	50,104

Borrowing Base. The availability of funds under the U.S. revolving credit facility is limited by a specified borrowing base consisting of accounts receivable and inventory of the Borrowers which meet the eligibility criteria.

Guaranty. The Borrowers' obligations under the U.S. revolving credit facility are guaranteed by certain of our domestic subsidiaries and secured by a continuing lien upon and a security interest in all of the Borrowers' accounts receivable, inventory and certain bank accounts. Each Borrower is liable for any and all obligations under the U.S. revolving credit facility on a joint and several basis.

Interest Rates and Fees. Any amounts outstanding under the U.S. revolving credit facility will bear interest, at our option, at LIBOR or a base rate, plus, in each case, an applicable interest margin. The applicable interest margin is determined based on the average daily availability for the immediately preceding quarter. In addition, we pay an unused line fee on undrawn amounts, less the amount of our letters of credit exposure. For standby letters of credit, we are required to pay a fee on the face amount of such letters of credit that varies depending on whether the letter of credit exposure is cash collateralized.

Prepayments. We can make prepayments of amounts outstanding under the U.S. revolving credit facility, in whole or in part, without premium or penalty, subject to standard LIBOR breakage costs, if applicable. We may be required to apply the proceeds from sales of collateral accounts, other than sales of inventory in the ordinary course of business, to repay amounts outstanding under the revolving credit facility and correspondingly reduce the commitments there under.

Covenants. The U.S. revolving credit facility contains customary covenants, including restrictions on mergers and acquisitions, indebtedness, affiliate transactions, liens, dividends and distributions, dispositions of collateral, investments and prepayments of indebtedness, as well as a covenant that requires the Borrowers to maintain certain minimum liquidity or availability requirements.

Events of Default. The U.S. revolving credit facility also includes customary events of default, including nonpayment, misrepresentation, breach of covenant, bankruptcy, change of ownership, certain judgments and certain cross defaults. Upon the occurrence of an event of default, commitments under the U.S. revolving credit facility may be terminated and amounts outstanding may be accelerated and declared immediately due and payable.

Iceland Revolving Credit Facility

General. Our wholly-owned subsidiary, Nordural Grundartangi ehf ("Grundartangi"), has entered into a \$50,000 Committed Revolving Credit Facility agreement with Landsbankinn hf., dated November 27, 2013 as amended (the "Iceland revolving credit facility"). Under the terms of the Iceland revolving credit facility, when Grundartangi borrows funds it will designate a repayment date, which may be any date prior to the maturity of the Iceland revolving credit facility. The Iceland revolving credit facility has a term through November 27, 2018.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Status of our Iceland revolving credit facility:

	December 31, 2016
Credit Facility maximum amount	\$ 50,000
Borrowing availability	50,000
Outstanding letters of credit issued	—
Outstanding borrowings	—
Borrowing availability, net of outstanding letters of credit and borrowings	50,000

Borrowing Base. The availability of funds under the Iceland revolving credit facility is limited by a specified borrowing base consisting of inventory and accounts receivable of Grundartangi.

Security. Grundartangi's obligations under the Iceland revolving credit facility are secured by a general bond under which Grundartangi's inventory and accounts receivable are pledged to secure full payment of the loan.

Interest Rates and Fees. Any amounts outstanding under the Iceland revolving credit facility will bear interest at LIBOR plus a margin per annum.

Prepayments. Any outstanding borrowings may be prepaid without penalty or premium (except incurred breakage costs) in whole or in part.

Covenants. The Iceland revolving credit facility contains customary covenants, including restrictions on mergers and acquisitions, dispositions of assets, compliance with permits, laws and payment of taxes, as well as a covenant that requires Grundartangi to maintain a certain minimum equity ratio.

Events of Default. The Iceland revolving credit facility also includes customary events of default, including nonpayment, loss of license, cessation of operations, unlawfulness, breach of covenant, bankruptcy, change of ownership, certain judgments and certain cross defaults. Upon the occurrence of an event of default, commitments under the Iceland revolving credit facility may be terminated and amounts outstanding may be accelerated and declared immediately due and payable.

2021 Notes

General. On June 4, 2013, we issued \$250,000 of our 7.5% Notes due June 1, 2021 (the "2021 Notes") in a private offering exempt from the registration requirements of the Securities Act. The 2021 Notes were issued at a discount and we received proceeds of \$246,330, prior to payment of financing fees and related expenses. The interest rate at 7.5% per annum on the principal amount, payable semi-annually in arrears in cash on June 1st and December 1st of each year. The Notes are senior secured obligations of Century, ranking equally in right of payment with all existing and future senior indebtedness of Century, but effectively senior to unsecured debt to the extent of the value of the collateral. The maturity date for the payment of principal is June 1, 2021.

Fair Value. Fair value for our 7.5% Notes due 2021 was based on the latest trading data available and was \$234,220 and \$169,220, as of December 31, 2016 and 2015, respectively. Although we use quoted market prices for identical debt instruments, the markets on which they trade are not considered to be active and are therefore considered Level 2 fair value measurements.

Guaranty. Our obligations under the 2021 Notes are guaranteed by all of our existing and future domestic restricted subsidiaries (the "Guarantor Subsidiaries"), except for foreign owned holding companies and any domestic restricted subsidiary that owns no assets other than equity interests or other investments in foreign subsidiaries, which guaranty shall in each case be a senior secured obligation of such Guarantor Subsidiaries, ranking equally in right of payment with all existing and future senior indebtedness of such Guarantor Subsidiaries but effectively senior to unsecured debt.

Collateral. Our obligations under the 2021 Notes due and the Guarantor Subsidiaries' obligations under the guarantees are secured by a pledge of and lien on (subject to certain exceptions):

- (i) all of our and the Guarantor Subsidiaries' property, plant and equipment;
- (ii) all equity interests in domestic subsidiaries directly owned by us and the Guarantor Subsidiaries and 65% of equity interests in foreign subsidiaries or foreign holding companies directly owned by us and the Guarantor Subsidiaries;

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(iii) intercompany notes owed by any non-guarantor to us or any Guarantor Subsidiary to us; and
 (iv) proceeds of the foregoing.

Under certain circumstances, we may incur additional debt that also may be secured by liens on the collateral that are equal to or have priority over the liens securing the 2021 Notes.

Redemption Rights. Prior to June 1, 2016, we may redeem the 2021 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a make-whole premium, and if redeemed during the twelve-month period beginning on June 1 of the years indicated below, at the following redemption prices plus accrued and unpaid interest:

Year	Percentage
2017	103.750%
2018	101.875%
2019 and thereafter	100.000%

Upon a change of control (as defined in the indenture governing the 2021 Notes), we will be required to make an offer to purchase the 2021 Notes at a purchase price equal to 101% of the outstanding principal amount of the 2021 Notes on the date of the purchase, plus accrued interest to the date of purchase.

Covenants. The indenture governing the 2021 Notes contains customary covenants which may limit our ability, and the ability of certain of our subsidiaries, to: (i) incur additional debt; (ii) incur additional liens; (iii) pay dividends or make distributions in respect of capital stock; (iv) purchase or redeem capital stock; (v) make investments or certain other restricted payments; (vi) sell assets; (vii) issue or sell stock of certain subsidiaries; (viii) enter into transactions with shareholders or affiliates; and (ix) effect a consolidation or merger.

7.5% Notes due 2014

In August 2004, we sold \$250,000 of our 7.5% Notes due 2014 in a private offering exempt from the registration requirements of the Securities Act. The 7.5% Notes due 2014 were subsequently registered with the SEC in December 2004. The 7.5% Notes due 2014 matured on August 15, 2014 and were repaid upon maturity.

E.ON contingent obligation

General. The E.ON contingent obligation consists of the aggregate E.ON payments made to Big Rivers Electric Corporation ("Big Rivers") on CAKY's behalf in excess of the agreed upon base amount under the long-term cost-based power contract with Kenergy, a member cooperative of Big Rivers (the "Big Rivers Agreement"). Our obligation to make repayments is contingent upon certain operating criteria for Hawesville and the LME price of primary aluminum. When the conditions for repayment are met, and for so long as those conditions continue to be met, we will be obligated to make principal and interest payments, in up to 72 monthly payments. Interest accrues at an annual rate equal to 10.94% and the term of the agreement is through December 31, 2028.

Based on the LME forward market prices for primary aluminum at December 31, 2016 and management's estimate of the LME forward market for periods beyond the quoted periods, we recognized a derivative asset which offsets our contingent obligation. As a result, our net liability decreased and we recorded a gain of \$1,411 and \$1,411 in net gain (loss) on forward and derivative contracts for the years ended December 31, 2016 and 2015. These amounts are exactly offset by interest expense on the E.ON contingent obligation which is recorded as part of interest expense. In addition, we believe that we will not have any payment obligations for the E.ON contingent obligation through the term of the agreement, which expires in 2028. However, future increases in the LME forward market may result in a partial or full derecognition of the derivative asset and a corresponding recognition of a loss.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table provides information about the balance sheet location and gross amounts offset:

Offsetting of financial instruments and derivatives

	Balance sheet location	December 31, 2016	December 31, 2015
E.ON contingent obligation – principal	Other liabilities	\$(12,902)	\$(12,902)
E.ON contingent obligation – accrued interest	Other liabilities	(8,113)	(6,702)
E.ON contingent obligation – derivative asset	Other liabilities	21,015	19,604
		\$—	\$—

Industrial Revenue Bonds

General. As part of the purchase price for our acquisition of the Hawesville facility, we assumed industrial revenue bonds ("IRBs") which were issued in connection with the financing of certain solid waste disposal facilities constructed at the Hawesville facility. The IRBs bear interest at a variable rate not to exceed 12% per annum determined weekly based upon prevailing rates for similar bonds in the industrial revenue bond market and interest on the IRBs is paid quarterly. The IRBs are secured by a letter of credit issued under our revolving credit facility and mature on April 1, 2028.

7. Shareholders' equity

Common Stock

As of December 31, 2016 and 2015, we had 195,000,000 shares of common stock, \$0.01 cent par value, authorized under our Restated Certificate of Incorporation, of which 94,437,418 shares were issued and 87,250,897 shares were outstanding at December 31, 2016; 94,224,571 shares were issued and 87,038,050 shares were outstanding at December 31, 2015.

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, including our Series A Convertible Preferred Stock, or which we may designate and issue in the future.

Preferred Stock

As of December 31, 2016 and 2015, we had 5,000,000 shares of preferred stock, \$0.01 cent par value per share, authorized under our Restated Certificate of Incorporation. 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.

Series A Convertible Preferred Stock

Shares Authorized and Outstanding. In 2008, we issued 160,000 shares of our Series A Convertible Preferred Stock. Glencore holds all of the issued and outstanding Series A Convertible Preferred Stock. At December 31, 2016 and December 31, 2015, 75,625 shares and 76,539 were outstanding, respectively.

The issuance of common stock under our stock incentive programs, debt exchange transactions and any stock offering that excludes Glencore participation triggers anti-dilution provisions of the preferred stock agreement and results in the automatic conversion of Series A Convertible Preferred Stock shares into shares of common stock. The conversion of preferred to common shares is 100 shares of common for each share of preferred stock. Our Series A Convertible Preferred Stock has a par value of \$0.01 per share.

CENTURY ALUMINUM COMPANY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Common and Preferred Stock Activity table below contains additional information about preferred stock conversions during 2016, 2015 and 2014:

Common and Preferred Stock Activity: (in shares)	Preferred stock	Common stock	
	Series A Convertible	Treasury	Outstanding
Balance as of December 31, 2013	79,620	4,786,521	88,710,277
Conversion of convertible preferred stock	(1,479)	—	147,952
Issuance for share-based compensation plans	—	—	206,353
Balance as of December 31, 2014	78,141	4,786,521	89,064,582
Repurchase of common stock	—	2,400,000	(2,400,000)
Conversion of convertible preferred stock	(1,602)	—	160,162
Issuance for share-based compensation plans	—	—	213,306
Balance as of December 31, 2015	76,539	7,186,521	87,038,050
Conversion of convertible preferred stock	(914)	—	91,362
Issuance for share-based compensation plans	—	—	121,485
Balance as of December 31, 2016	75,625	7,186,521	87,250,897

Dividend Rights. So long as any shares of our Series A Convertible Preferred Stock are outstanding, we may not pay or declare any dividend or make any distribution upon or in respect of our common stock or any other capital stock ranking on a parity with or junior to the Series A Convertible Preferred Stock in respect of dividends or liquidation preference, unless we, at the same time, declare and pay a dividend or distribution on the shares of Series A Convertible Preferred Stock (a) in an amount equal to the amount such holders would receive if they were the holders of the number of shares of our common stock into which their shares of Series A Convertible Preferred Stock are convertible as of the record date fixed for such dividend or distribution, or (b) in the case of a dividend or distribution on other capital stock ranking on a parity with or junior to the Series A Convertible Preferred Stock in such amount and in such form as (based on the determination of holders of a majority of the Series A Convertible Preferred Stock) will preserve, without dilution, the economic position of the Series A Convertible Preferred Stock relative to such other capital stock.

Voting Rights. The Series A Convertible Preferred Stock has no voting rights for the election of directors or on other matters where the shares of common stock have voting rights. However, we may not change the powers, preferences, or rights given to the Series A Convertible Preferred Stock, or authorize, create or issue any additional shares of Series A Convertible Preferred Stock without the affirmative vote of the holders of a majority of the shares of Series A Convertible Preferred Stock then outstanding (voting separately as a class).

Liquidation Rights. Upon any liquidation, dissolution, or winding-up of Century, the holders of shares of Series A Convertible Preferred Stock are entitled to receive a preferential distribution of \$0.01 per share out of the assets available for distribution. In addition, upon any liquidation, dissolution or winding-up of Century, if our assets are sufficient to make any distribution to the holders of the common stock, then the holders of shares of Series A Convertible Preferred Stock are also entitled to share ratably with the holders of common stock in the distribution of Century's assets (as though the holders of Series A Convertible Preferred Stock were holders of that number of shares of common stock into which their shares of Series A Convertible Preferred Stock are convertible). However, the amount of any such distribution will be reduced by the amount of the preferential distribution received by the holders of the Series A Convertible Preferred Stock.

Transfer Restrictions. Glencore is prohibited from transferring shares of Series A Convertible Preferred Stock to any party other than an affiliate who agrees to become bound by certain agreements associated with these shares.

Automatic Conversion. The Series A Convertible Preferred Stock automatically converts, without any further act of Century or any holders of Series A Convertible Preferred Stock, into shares of common stock, at a conversion ratio of 100 shares of common stock for each share of Series A Convertible Preferred Stock, upon the occurrence of any of the

following automatic conversion events:

• If we sell or issue shares of common stock or any other stock that votes generally with our common stock, or the occurrence of any other event, including a sale, transfer or other disposition of common stock by Glencore, as a result

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CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of which the percentage of voting stock held by Glencore decreases, an amount of Series A Convertible Preferred Stock will convert to common stock to restore Glencore to its previous ownership percentage;

If shares of Series A Convertible Preferred Stock are transferred to an entity that is not an affiliate of Glencore, such shares of Series A Convertible Preferred Stock will convert to shares of our common stock, provided that such transfers may only be made pursuant to an effective registration statement;

Upon a sale of Series A Convertible Preferred Stock by Glencore in a Rule 144 transaction in which the shares of Series A Convertible Preferred Stock and our common stock issuable upon the conversion thereof are not directed to any purchaser, such shares of Series A Convertible Preferred Stock sold will convert to shares of our common stock; and

Immediately prior to and conditioned upon the consummation of a merger, reorganization or consolidation to which we are a party or a sale, abandonment, transfer, lease, license, mortgage, exchange or other disposition of all or substantially all of our property or assets, in one or a series of transactions where, in any such case, all of our common stock would be converted into the right to receive, or exchanged for, cash and/or securities, other than any transaction in which the Series A Convertible Preferred Stock will be redeemed.

Optional Conversion. Glencore has the option to convert the Series A Convertible Preferred Stock in a tender offer or exchange offer, at the same conversion ratio as above, in which a majority of the outstanding shares of our common stock have been tendered by the holders thereof and not duly withdrawn at the expiration time of such tender or exchange offer, so long as the Series A Convertible Preferred Stock is tendered or exchanged in such offer.

Stock Combinations – Adjustments. If, at any time while the Series A Convertible Preferred Stock is outstanding, Century combines outstanding common stock into a smaller number of shares, then the number of shares of common stock issuable on conversion of each share of Series A Convertible Preferred Stock will be decreased in proportion to such decrease in the aggregate number of shares of common stock outstanding.

Redemptions or Repurchases of Common Stock. We may not redeem or repurchase our common stock unless we redeem or repurchase, or otherwise make a payment on, a pro rata number of shares of the Series A Convertible Preferred Stock. These restrictions do not apply to our open market repurchases or our repurchases pursuant to our employee benefit plans.

Right of Redemption. The Series A Convertible Preferred Stock will be redeemed by Century if any of the following events occur (at a redemption price based on the trading price of our common stock prior to the announcement of such event) and Glencore votes its shares of our common stock in opposition to such events:

We propose a merger, reorganization or consolidation, sale, abandonment, transfer, lease, license, mortgage, exchange or other disposition of all or substantially all of our property or assets where any of our common stock would be converted into the right to receive, or exchanged for, assets other than cash and/or securities traded on a national stock exchange or that are otherwise readily marketable, or

We propose to dissolve and wind up operations and any assets, other than cash and/or securities traded on a national stock exchange or that are otherwise readily marketable, are to be distributed to the holders of our common stock.

Stock Repurchase Program

In 2011, our Board of Directors authorized a \$60 million stock repurchase program and during the first quarter of 2015, our Board of Directors increased the size of the program by \$70 million. Under the program, Century is authorized to repurchase up to \$130 million of our outstanding shares of common stock, from time to time, on the open market at prevailing market prices, in block trades or otherwise. The timing and amount of any shares repurchased will be determined by our management based on its evaluation of market conditions, the trading price of our common stock and other factors. The stock repurchase program may be suspended or discontinued at any time. Shares of common stock repurchased are recorded at cost as treasury stock and result in a reduction of shareholders' equity in the consolidated balance sheets. From time to time, treasury shares may be reissued as contributions to our employee benefit plans and for the conversion of convertible preferred stock. When shares are reissued, we use an average cost method for determining cost. The difference between the cost of the shares and the reissuance price is added to or deducted from additional paid-in capital.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Through December 31, 2016, we repurchased 7,186,521 shares of common stock for an aggregate purchase price of \$86,276. We have made no repurchases since April 2015 and have approximately \$43,724 remaining under the repurchase program authorization as of December 31, 2016.

8. Inventories

Inventories, at December 31, consist of the following:

	2016	2015
Raw materials	\$59,415	\$52,121
Work-in-process	35,539	34,025
Finished goods	26,613	15,988
Operating and other supplies	111,996	129,738
Inventories	\$233,563	\$231,872

9. Property, plant and equipment

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

	2016	2015
Land and improvements	\$42,654	\$42,654
Buildings and improvements	330,254	325,580
Machinery and equipment	1,374,551	1,349,731
Construction in progress	21,106	173,418
	1,768,565	1,891,383
Less accumulated depreciation	(742,280)	(659,127)
Property, plant and equipment - net	\$1,026,285	\$1,232,256

For the years ended December 31, 2016, 2015 and 2014, we recorded depreciation and amortization expense of \$84,780, \$80,117 and \$70,827, respectively. See Note 3 Asset impairment regarding impairment for our Helguvik project.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Accumulated Other Comprehensive Loss ("AOCL")

Components of AOCL	2016	2015
Defined benefit plan liabilities	\$(125,917)	\$(121,910)
Gain (loss) on financial instruments	2,860	(1,435)
Other comprehensive loss before income tax effect	(123,057)	(123,345)
Income tax effect (1)	9,164	10,695
Accumulated other comprehensive loss	\$(113,893)	\$(112,650)

(1) The allocation of the income tax effect to the components of other comprehensive income is as follows:

	2016	2015
Defined benefit plan liabilities	\$9,736	\$11,243
Gain (loss) on financial instruments	(572)	(548)

The following table summarizes the changes in the accumulated balances for each component of AOCL:

	Defined benefit plan and other postretirement liabilities	Equity in investee other comprehensive income	Gain (loss) on financial instruments	Total, net of tax
Balance, December 31, 2013	(77,921)	(12,232)	(1,679)	(91,832)
Other comprehensive income (loss) before reclassifications	(42,926)	(419)	—	(43,345)
Net amount reclassified to net income	4,995	—	(151)	4,844
Elimination of equity in investee resulting from acquisition	—	12,651	—	12,651
Balance, December 31, 2014	(115,852)	—	(1,830)	(117,682)
Other comprehensive income before reclassifications	7,311	—	—	7,311
Net amount reclassified to net loss	(2,126)	—	(153)	(2,279)
Balance, December 31, 2015	\$(110,667)	\$ —	\$(1,983)	\$(112,650)
Other comprehensive income before reclassifications	\$(9,521)	\$ —	\$ —	\$(9,521)
Net amount reclassified to net loss	4,007	—	4,271	8,278
Balance, December 31, 2016	\$(116,181)	\$ —	\$ 2,288	\$(113,893)

CENTURY ALUMINUM COMPANY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reclassifications out of AOCL were included in the consolidated statements of operations as follows:

AOCL Components	Location	Gains (Losses) Reclassified from AOCL to the Consolidated Statements of Operations		
		2016	2015	2014
Defined benefit plan and other postretirement liabilities	Cost of goods sold	\$3,464	\$(1,696)	\$6,237
	Selling, general and administrative expenses	465	235	569
	Other operating expense, net	1,585	904	—
	Income tax expense	(1,507)	(1,569)	(1,811)
	Net of tax	\$4,007	\$(2,126)	\$4,995
Equity in investee other comprehensive income	Cost of goods sold	\$—	\$—	\$—
	Income tax expense	—	—	(419)
	Net of tax	\$—	\$—	\$(419)
Gain (loss) on financial instruments	Cost of goods sold	\$(185)	\$(186)	\$(185)
	Helguvik impairment	4,480	—	—
	Income tax benefit	(24)	33	34
	Net of tax	\$4,271	\$(153)	\$(151)

11. Pension and other postretirement benefits

Pension Benefits

We maintain noncontributory defined benefit pension plans for certain domestic hourly and salaried employees. For the eligible domestic salaried employees, plan benefits are based primarily on years of service and average compensation during the later years of employment. For hourly employees, plan benefits are based primarily on a formula that provides a specific benefit for each year of service. Our funding policy is to contribute amounts based upon actuarial and economic assumptions designed to achieve adequate funding of the projected benefit obligations and to meet the minimum funding requirements of the Employee Retirement Income Security Act 1974 ("ERISA"). In addition, we maintain the SERB plan for certain current and former executive officers which is frozen to future accruals.

Partial Freeze

In 2014, the Salaried Pension Plan was amended to eliminate future accruals for participants who are under age 50 as of January 1, 2015. The plan was also closed to new entrants. The amendment decreased the plans' projected benefit obligations by approximately \$6,600 and a curtailment charge of \$263 was recorded in 2014. In 2015, the South Carolina Plan was merged into the Salaried Plan. The participants in the South Carolina component of the merged Plan are not affected by the partial plan freeze and the plan is still open to new hourly employees.

Pension Settlement - Lump Sum Payout

In 2014, we offered certain former employees with vested pension benefits a lump sum payout in an effort to reduce our long-term pension obligations. As a result, net periodic benefit cost for our pension plans increased by a non-cash settlement charge of \$4,701 for 2014 and the projected benefit obligation decreased by \$19,573.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

PBGC settlement

In 2013, we entered into a settlement agreement with the Pension Benefit Guaranty Corporation ("PBGC") regarding an alleged "cessation of operations" at our Ravenswood facility as a result of the 2009 curtailment of operations at the facility. Pursuant to the terms of the agreement, we will make additional contributions (above any minimum required contributions) to our defined benefit pension plans totaling approximately \$17,400 over the term of the agreement, which runs through 2016. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we are able to defer one or more of these payments, but would then be required to provide the PBGC with acceptable security for deferred payments. We made contributions pursuant to this agreement of \$1,100 in 2015 and \$6,700 in 2013. We did not make any contribution during 2014 or 2016. We have elected to defer other payments under the PBGC agreement and have provided the PBGC with the appropriate security. The remaining contributions under this agreement are approximately \$9,600.

Other Postretirement Benefits (OPEB)

In addition to providing pension benefits, we provide certain healthcare and life insurance benefits for certain domestic retired employees. We 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.

Retiree medical benefits changes

Under the current Hawesville labor agreement, employees who retire during the term of the labor agreement have been divided into sub-groups based on attributes such as Medicare eligibility, hire date, age and years of service.

Levels of benefits are defined for the sub-groups and range from no substantive change from the benefits provided under the previous labor agreement to replacement of the defined retiree medical benefit program with individual health reimbursement accounts for each eligible participant. The health reimbursement accounts will be funded by CAKY based on established rates per hour worked by each eligible participant. Eligible participants will be able to withdraw from their health reimbursement accounts to fund their own retiree medical coverage.

Obligations and Funded Status

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

	Pension		OPEB	
	2016	2015	2016	2015
Change in benefit obligation:				
Benefit obligation at beginning of year	\$326,571	\$336,292	\$132,550	\$158,781
Service cost	4,651	6,346	1,003	1,970
Interest cost	13,892	13,388	5,595	5,985
Plan amendments	—	—	—	(1,758)
Actuarial loss (gain)	12,761	(11,429)	1,919	(18,150)
Medicare Part D	—	—	38	—
Benefits paid	(29,828)	(19,247)	(7,249)	(5,878)
Curtailment	—	1,221	—	(8,400)
Benefit obligation at end of year	\$328,047	\$326,571	\$133,856	\$132,550

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Pension		OPEB	
	2016	2015	2016	2015
Change in plan assets:				
Fair value of plan assets at beginning of year	\$280,862	\$305,520	\$—	\$—
Actual return on plan assets	23,932	(11,321)	—	—
Employer contributions	1,775	5,910	7,251	1,878
Medicare Part D subsidy received	—	—	38	—
Benefits paid	(29,828)	(19,247)	(7,159)	(1,878)
Fair value of assets at end of year	\$276,741	\$280,862	\$—	\$—

	Pension		OPEB	
	2016	2015	2016	2015
Funded status of plans:				
Funded status			\$(51,306)	\$(45,709)
Amounts recognized in the Consolidated Balance Sheets:				
Current liabilities			(1,813)	(1,743)
Non-current liabilities			(7,501)	(6,551)
Net amount recognized			\$(133,856)	\$(125,999)

	Amounts recognized in accumulated other comprehensive loss (pre-tax):			
Net loss	\$83,451	\$80,514	\$47,957	\$49,562
Prior service cost (benefit)	1,104	1,211	(6,595)	(9,377)
Total	\$84,555	\$81,725	\$41,362	\$40,185

Pension Plans That Are Not Fully Funded

At December 31, 2016, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were \$328,047, \$322,356 and \$276,741, respectively.

At December 31, 2015, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were \$326,571, \$319,873 and \$280,862, respectively.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Components of net periodic benefit cost and other amounts recognized in other comprehensive loss:

Net Periodic Benefit Cost:

	Year Ended December 31,					
	Pension			OPEB		
	2016	2015	2014	2016	2015	2014
Service cost	\$4,651	\$6,346	\$5,605	\$1,003	\$1,970	\$1,591
Interest cost	13,892	13,388	11,629	5,595	5,985	6,420
Expected return on plan assets	(18,774)	(21,241)	(14,694)	—	—	—
Amortization of prior service costs	106	110	77	(2,781)	(3,728)	(3,844)
Amortization of net loss	4,666	3,980	1,907	3,537	3,814	3,704
Settlements	—	—	4,701	—	—	—
Curtailment cost (benefit)	—	1,235	263	—	(4,266)	—
Net periodic benefit cost	\$4,541	\$3,818	\$9,488	\$7,354	\$3,775	\$7,871

Other changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss (pre-tax):

	Year Ended December 31,			
	Pension		OPEB	
	2016	2015	2016	2015
Net loss (gain)	\$7,603	\$21,133	\$1,919	\$(26,686)
Prior service cost (benefit)	—	—	—	(1,758)
Amortization of net loss, including recognition due to settlement	(4,666)	(3,980)	(3,537)	(3,814)
Amortization of prior service benefit (cost), including recognition due to curtailment	(106)	(124)	2,781	8,475
Total amount recognized in other comprehensive loss	2,831	17,029	1,163	(23,783)
Net periodic benefit cost	4,541	3,818	7,354	3,775
Total recognized in net periodic benefit cost and other comprehensive loss	\$7,372	\$20,847	\$8,517	\$(20,008)
Amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during 2017				

	Pension	OPEB
Amortization of net loss	\$4,926	\$3,645
Amortization of prior service cost (benefit)	106	(2,781)

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

	Pension		OPEB	
	2016	2015	2016	2015
Discount rate (1)	4.19%	4.44%	4.20%	4.50%
Rate of compensation increase (2)	3%/4%	3%/4%	3%/4%	3%/4%
Measurement date	12/31/2016	12/31/2015	12/31/2016	12/31/2015

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Pension			OPEB		
	2016	2015	2014	2016	2015	2014
Measurement date	12/31/2015	12/31/2014	12/31/2013	12/31/2015	12/31/2014	12/31/2013
Fiscal year end	12/31/2016	12/31/2015	12/31/2014	12/31/2016	12/31/2015	12/31/2014
Discount rate (1)	4.44%	4.05%	4.89%	4.50%	4.00%	4.99%
Rate of compensation increase (2)	3%/4%	3%/4%	3%/4%	3%/4%	3%/4%	3%/4%
Expected return on plan assets (3)	7.10%	7.16%	7.25%	—	—	—

(1) We use the Ryan Above Median Discount Rate Curve ("Ryan Curve") to determine the discount rate.

For 2016, the rate of compensation increase is 3% per year for the first two years and 4% per year for year three and thereafter. For 2015, the rate of compensation increase is 3% per year for the first three years and 4% per year for year four and thereafter. For 2014, the rate of compensation increase is 3% per year for the first four years and 4% per year for year five and thereafter.

(2) The rate for each of our defined benefit plans was selected by taking into account our expected asset mix and is based on historical performance as well as expected future rates of return on plan assets.

(3) For measurement purposes, medical cost inflation is initially estimated to be 7.0%, declining to 4.5% over eleven 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 rate would have had the following effects in 2016:

	1%	1%
	Increase	Decrease
Effect on total of service and interest cost	\$ 933	\$ (769)
Effect on accumulated postretirement benefit obligation	16,968	(14,290)

Benefit Plan Assets

Pension Plan Investment Strategy and Policy

The Pension Plans' assets are invested in a prudent manner for the exclusive purpose of providing benefits to participants.

Other objectives are to:

• Provide a total return that, over the long term, provides sufficient assets to fund the pension plan liabilities subject to a level of risk, contributions and pension expense deemed appropriate by the company.

• Minimize, where possible, pension expense volatility, and inclusion of liability driven investing as an investment strategy when appropriate. As the funding ratio improves, the objectives will evolve to minimize the funded status volatility.

• Diversify investments within asset classes to reduce the impact of losses in single investments.

The assets of the Pension Plans are invested in compliance with ERISA, as amended, and any subsequent applicable regulations and laws.

Performance

Our performance objective is to outperform the return of weighing passive investment alternatives by the policy target allocations after fees at a comparable level of risk. This investment objective is expected to be achieved over the long term and is measured over rolling multi-year periods. Peer-relative performance comparisons will also be considered especially when performance deviates meaningfully from market indexes. Investment objectives for each asset class are included below.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Asset Allocation Policy

Asset allocation policy is the principal method for achieving the Pension Plans' investment objectives stated above. The Pension Plans' weighted average long-term strategic asset allocation policy targets are as follows:

Pension Plan Asset Allocation

2016 Target December 31, 2016 December 31, 2015

Equities:

U.S. equities	33%	34%	30%
International equities	22%	22%	20%
Fixed income	45%	44%	50%
		100%	100%

U.S. and international equities are held for their long-term expected return premium over fixed income investments and inflation. Fixed income is held for diversification relative to equities.

The strategic role of U.S. and international equities is to:

- Provide higher expected returns of the major asset classes.
- Maintain a diversified exposure within the U.S. and international stock markets through the use of multi-manager portfolio strategies.
- Achieve returns in excess of passive indexes through the use of active investment managers and strategies.

The strategic role of fixed income is to:

- Diversify the Pension Plans' equity exposure by investing in fixed income securities that exhibit a low correlation to equities, thereby lowering the overall return volatility of the entire investment portfolio.
- Maintain a diversified exposure within the U.S. fixed income market through the use of multi-manager portfolio strategies.
- Achieve returns in excess of passive indexes through the use of active investment managers and strategies.

The long-term strategic asset allocation policy is reviewed regularly or whenever significant changes occur to Century's or the Pension Plans' financial position and liabilities.

Fair Value Measurements of Pension Plan assets

The following table sets forth by level the fair value hierarchy our Pension Plans' assets. These assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and the placement within the fair value hierarchy levels.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fair Value of Pension Plans' assets included under the fair value hierarchy:

As of December 31, 2016	Level 1	Level 2	Level 3	Total
Equities:				
U.S. equities	\$93,773	\$	-\$	-\$93,773
International equities	61,453	—	—	61,453
Fixed income	121,515	—	—	121,515
Total	\$276,741	\$	-\$	-\$276,741

As of December 31, 2015

Equities:				
U.S. equities	\$86,723	\$	-\$	-\$86,723
International equities	54,769	—	—	54,769
Fixed income	139,370	—	—	139,370
Total	\$280,862	\$	-\$	-\$280,862

Our Pension Plans' assets are held in certain mutual funds. The fair value of the mutual funds is based on the Net Asset Value ("NAV") which is calculated every business day. The value of the underlying securities within the mutual funds are determined as follows:

- U.S. listed equities; equity and fixed income options: Last sale price; last bid price if no last sale price;
 - U.S. over-the-counter equities: Official closing price; last bid price if no closing price;
 - Foreign equities: Official closing price, where available, or last sale price; last bid price if no official closing price; and
 - Municipal bonds, US bonds, Eurobonds/foreign bonds: Evaluated bid price; broker quote if no evaluated bid price.
- Our other postretirement benefit plans are unfunded. We fund these benefits as the retirees submit claims.

Pension and OPEB Cash Flows

During 2016 and 2015, we made contributions of approximately \$1,775 and \$5,910, respectively, to the qualified defined benefit and SERB plans we sponsor.

We expect to make the following contributions for 2017:

	2017
Expected pension plan contributions	\$ 1,813
Expected OPEB benefits payments	7,501

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
2017	\$ 19,705	\$ 7,501
2018	19,562	7,519
2019	20,429	7,855
2020	20,929	8,055
2021	20,819	8,287
2022 – 2026	102,567	35,560

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Participation in Multi-employer Pension Plans

The union-represented employees at Hawesville are part of a United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USWA") sponsored multi-employer plan. Our contributions to the plan are determined at a fixed rate per hour worked. Currently, we do not have any plans to withdraw from or curtail participation in this plan. The risks of participating in a multi-employer plan are different from single-employer plans in the following respects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.

- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

- If a participating employer chooses to stop participating in a multi-employer plan, the employer may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Century's participation in the plan for the year ended December 31, 2016, is outlined in the table below.

Fund	Steelworkers Pension Trust
EIN / PN	23-6648508/499
Pension Protection Act Zone Status 2016 (1)	Green
Pension Protection Act Zone Status 2015 (1)	Green
Subject to Financial Improvement/Rehabilitation Plan	No
Contributions of Century Aluminum 2016	\$788
Contributions of Century Aluminum 2015	\$1,618
Contributions of Century Aluminum 2014	\$2,164
Withdrawal from Plan Probable	No
Surcharge Imposed	No
Expiration Date of Collective Bargaining Agreement	April 1, 2020

The most recent Pension Protection Act zone status available in 2016 and 2015 is for the plan's year-end December 31, 2015 and December 31, 2014, respectively. The zone status is based on information that Century received (1) from the plan as well as publicly available information per the Department of Labor and is certified by the plan's actuary. Among other factors, plans in the green zone are at least 80 percent funded.

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. We match a portion of participants' contributions to the savings plan. Employee and matching contributions are considered fully vested immediately upon participation in the plan. Concurrent with the 2014 amendment to the Salaried Pension Plan that eliminated future accruals for participants who are under age 50 as of January 1, 2015 and closed the plan to new entrants, the Company increased the proportional match of contributions made by those affected by the amendment. The expense related to the plan was \$3,945, \$5,446, and \$1,547 for 2016, 2015 and 2014, respectively.

12. Share-based compensation

Amended and Restated Stock Incentive Plan — We award restricted share units and grant qualified incentive and nonqualified stock options to our salaried officers, non-employee directors, and other key employees from our Amended and Restated Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan has 10,000,000 shares authorized for issuance with approximately 6,595,000 shares remaining at December 31, 2016. Our share-based compensation consists of service-based and performance-based share 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. Our independent non-employee directors receive annual grants of service-based share awards that vest following 12 months of service. In the past, we have granted stock options that

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

have a term of 10 years and typically vest one-third on the grant date and an additional one-third on the first and second anniversary dates of the grant. Our most recent grant of stock options was in 2009.

As of December 31, 2016, options to purchase 359,570 shares of common stock and 741,036 service-based share awards were outstanding.

A summary of activity under our Stock Incentive Plan during the year ended December 31, 2016 is presented below:

Options	Number	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at January 1, 2016	443,737	\$ 27.06		
Exercised	—	—		
Forfeited/expired	(84,167)	36.06		
Outstanding, fully vested and exercisable at December 31, 2016 (1)	359,570	\$ 24.95	1.61	\$ 424

As the result of actions in 2011 that were determined to be a "change of control" under the Stock Incentive Plan, all (1) options will remain exercisable for their respective remaining term, regardless of whether the awardees remain employees of Century. Of the 359,570 outstanding options at December 31, 2016 there are 210,905 options with an exercise price of \$6.55 per share that expire in May 2019.

Long-Term Incentive Plan — We also grant annual long-term incentive awards under our Amended and Restated Long-Term Incentive Plan (the "LTIP"). The LTIP is designed to provide senior-level employees the opportunity to earn long-term incentive awards through the achievement of performance goals and to align compensation with the interests of our stockholders by linking compensation to share price appreciation and total stockholder return over a multi-year period. Awards made under the LTIP are granted subject to the Stock Incentive Plan to the extent the award is deliverable in stock. We provide two types of LTIP awards: time-vested share units and performance units. Time-vested share units are stock-settled awards which do not contain any performance-based vesting requirements. Performance units can be settled in cash or stock and vest based on the achievement of pre-determined performance metrics at the discretion of the Board. We recorded a performance unit liability for approximately \$5,511 and \$4,853 as of December 31, 2016 and 2015, respectively. Both the performance units and time-vested share units vest, in their entirety, after three years.

Service-based share awards

Outstanding at January 1, 2016	541,304
Granted	528,189
Vested	(197,724)
Forfeited	(130,733)
Outstanding at December 31, 2016	741,036

	Year ended December 31,		
	2016	2015	2014
Weighted average per share fair value of service-based share grants	\$7.14	\$4.21	\$15.31
Total intrinsic value of option exercises	—	—	1,011

Fair Value Measurement of Share-Based Compensation Awards — We estimate the fair value of each stock option award using the Black-Scholes model on the date of grant. We have not granted any stock options since 2009. For our service-based awards, fair value is equal to the closing stock price on the date of grant. For our performance-based awards, fair value is equal to the closing stock price at each reporting period end.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the compensation cost recognized for the years ended December 31, 2016, 2015 and 2014 for all options, service-based and performance-based share awards. The compensation cost is included as part of selling, general and administrative expenses in our Consolidated Statements of Operations.

	Year ended		
	December 31,		
	2016	2015	2014
Share-based compensation expense reported:			
Performance-based share expense	\$1,441	\$1,587	\$1,090
Service-based share expense	1,263	257	244
Total share-based compensation expense before income tax	2,704	1,844	1,334
Income tax	—	—	—
Total share-based compensation expense, net of income tax	\$2,704	\$1,844	\$1,334

No share-based compensation cost was capitalized during these periods and there were no significant modifications of any share-based awards in 2016, 2015 and 2014. As of December 31, 2016, we had unrecognized compensation cost of \$1,872 before taxes. This cost will be recognized over a weighted average period of two years.

13. Earnings (loss) per share

Basic earnings (loss) per share ("EPS") amounts are calculated by dividing net income (loss) allocated to common stockholders by the weighted average number of common shares outstanding. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive common shares outstanding.

The following table shows the basic and diluted earnings (loss) per share for 2016, 2015, and 2014:

	For the year ended December		
	31, 2016		
	Net loss	Shares (000)	Per-Share
Net loss	\$(252,415)		
Amount allocated to common stockholders	100	%	
Basic and Diluted EPS:			
Net loss allocated to common stockholders	\$(252,415)	87,064	\$(2.90)

	For the year ended		
	December 31, 2015		
	Net loss	Shares (000)	Per-Share
Net loss	\$(59,310)		
Amount allocated to common stockholders	100	%	
Basic and Diluted EPS:			
Net loss allocated to common stockholders	\$(59,310)	87,375	\$(0.68)

	For the year ended		
	December 31, 2014		
	Net income	Shares (000)	Per-Share
Net income	\$126,474		
Amount allocated to common stockholders	91.81	%	
Basic EPS:			
Net income allocated to common stockholders	\$116,116	88,823	\$ 1.31
Effect of dilutive securities:			
Share-based compensation plans		605	

Diluted EPS: \$116,116 89,428\$ 1.30

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CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Securities excluded from the calculation of diluted EPS:

	2016	2015	2014
Stock options (1)	105,453	356,634	320,553
Service-based share awards (1)	840,402	608,914	—

(1) In periods when we report a net loss, all share-based compensation awards are excluded from the calculation of diluted weighted average shares outstanding because of their antidilutive effect on earnings (loss) per share.

14. Income taxes

The components of pre-tax book income

(loss) consist of the following:

	Year Ended December 31,		
	2016	2015	2014
U.S.	\$(86,545)	\$(62,203)	\$91,026
Foreign	(164,320)	21,081	52,451
Total	\$(250,865)	\$(41,122)	\$143,477

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

	Year Ended December 31,		
	2016	2015	2014
Current:			
U.S. federal current expense (benefit)	\$(231)	\$—	\$(112)
State current expense (benefit)	(130)	(706)	2,252
Foreign current expense	5,726	13,473	15,098
Total current expense	5,365	12,767	17,238
Deferred:			
U.S. federal deferred benefit	(1,564)	(1,564)	(1,696)
State deferred benefit	—	—	(12)
Foreign deferred tax expense	(977)	(1,927)	2,778
Total deferred benefit	(2,541)	(3,491)	1,070
Total income tax expense	\$2,824	\$9,276	\$18,308

A reconciliation of the statutory U.S. Federal income tax rate to the effective income tax rate on income (loss) is as follows:

	2016	2015	2014
Federal Statutory Rate	35.0 %	35.0 %	35.0 %
Permanent differences	7.7	1.9	4.3
State taxes, net of Federal benefit	6.1	(16.0)	(6.2)
Rate change - foreign	(4.2)	—	—
Foreign earnings taxed at different rates than U.S.	(13.5)	3.0	(1.3)
Valuation allowance	(27.5)	(56.6)	(26)
Changes in uncertain tax reserves	(1.0)	(4.2)	0.6
Other	(3.7)	14.3	6.4
Effective tax rate	(1.1)%	(22.6)%	12.8 %

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The effect of earnings of foreign subsidiaries includes the difference between the U.S. statutory rate and local jurisdiction tax rates, as well as the provision (benefit) for incremental U.S. taxes on unremitted earnings of foreign subsidiaries due to the removal of the election to permanently reinvest the related earnings during 2012.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

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

	2016	2015
Deferred tax assets:		
Accrued postretirement benefit cost	\$69,725	\$78,518
Accrued liabilities	4,679	1,080
Share-based compensation	6,071	6,421
Goodwill	5,539	7,949
Net operating losses and tax credits	739,712	700,819
Foreign basis differences	13,929	2,083
Ravenswood retiree legal settlement	8,683	—
Other	5,747	10,128
Total deferred tax assets	854,085	806,998
Valuation allowance	(839,082)	(768,764)
Net deferred tax assets	\$15,003	\$38,234
Deferred tax liabilities:		
Tax over financial statement depreciation	\$(119,378)	\$(125,386)
Unremitted foreign earnings	(808)	(18,901)
Total deferred tax liabilities	(120,186)	(144,287)
Net deferred tax liability	\$(105,183)	\$(106,053)

Certain reclassifications have been made to the prior period presentation to conform to the current period presentation. We regularly assess the likelihood that deferred tax assets will be recovered from future taxable income. To the extent we believe that it is more likely than not that a deferred tax asset will not be realized, a valuation allowance is established. When a valuation allowance is established or increased, an income tax charge is included in the consolidated statement of operations and net deferred tax assets are adjusted accordingly. Future changes in tax laws, statutory tax rates and taxable income levels could result in actual realization of the deferred tax assets being materially different from the amounts provided for in the consolidated financial statements. If the actual recovery amount of the deferred tax asset is less than anticipated, we would be required to write-off the remaining deferred tax asset and increase the tax provision.

We have a valuation allowance of \$839 million recorded for all of our U.S. deferred tax assets, and a portion of our Icelandic deferred tax assets as of December 31, 2016.

The changes in the valuation allowance are as follows:

	2016	2015	2014
Beginning balance, valuation allowance	\$768,764	\$748,283	\$765,023
Release of valuation allowance	(6,007)	—	—
Other change in valuation allowance	76,325	20,481	(16,740)
Ending balance, valuation allowance	\$839,082	\$768,764	\$748,283

CENTURY ALUMINUM COMPANY
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The significant components of our net operating loss carryforwards ("NOLs") are as follows:

	2016	2015
Federal (1)	\$1,510,558	\$1,470,251
State (2)	1,901,554	2,094,687
Foreign (3)	540,819	466,743

- (1) The federal NOL begins to expire in 2028.
 (2) The state NOLs begin to expire in 2027.
 (3) The Icelandic NOL begins to expire in 2017; Dutch NOL begins to expire in 2022.

A reconciliation of the beginning and ending amounts of gross unrecognized tax benefits (excluding interest) is as follows:

	2016	2015	2014
Balance as of January 1,	\$3,800	\$2,000	\$1,200
Additions based on tax positions related to the current year	2,700	1,800	1,100
Decreases due to lapse of applicable statute of limitations	(100)	—	(300)
Settlements	—	—	—
Balance as of December 31,	\$6,400	\$3,800	\$2,000

Included in the above balances are tax positions whose tax characterization is highly certain but for which there is uncertainty about the timing of tax return inclusion. Because of the impact of deferred tax accounting, other than interest and penalties, the timing would not impact the annual effective tax rate but could accelerate the payment of cash to the taxing authority to an earlier period. The remaining amounts of unrecognized tax benefits would affect our effective tax rate if recognized. It is our policy to recognize potential accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The components of our unrecognized tax positions are as follows:

	2016	2015	2014
Highly certain tax positions	\$6,300	\$3,700	\$1,900
Other unrecognized tax benefits	100	100	100
Gross unrecognized tax benefits	\$6,400	\$3,800	\$2,000
Accrued interest and penalties related to unrecognized tax benefits	\$—	\$—	\$—

Century and its subsidiaries file income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions, and several foreign jurisdictions.

Our federal income tax returns have been reviewed by the IRS through 2010. However, we have NOLs beginning in 2008 that are available for carryforward to future years. Under U.S. tax law, NOLs may be adjusted by the IRS until the statute of limitations expires for the year in which the NOL is used. Accordingly, our 2008 and later NOLs may be reviewed until they are used or expire. Material state and local income tax matters have been concluded for years through 2006. The majority of our state returns beginning in 2008 are subject to examination.

As of December 31, 2016, we had federal net operating loss carryforwards of \$1,510,558. Our ability to utilize our deferred tax assets to offset future federal taxable income may be significantly limited if we experience an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change would occur if our "five-percent shareholders," as defined under the Code, collectively increase their ownership in us by more than 50 percentage points over a rolling three-year period. Future transactions in our stock that may not be in our control may cause us to experience such an ownership change and thus limit our ability to utilize net operating losses, tax credits and other tax assets to offset future taxable income.

Our Icelandic tax returns have been reviewed through the 2012 tax year.

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CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 we had income taxes payable of \$5,745 and \$13,092, respectively. The income taxes payable are included within accrued and other current liabilities in our Consolidated Balance Sheets.

We do not expect a significant change in the balance of unrecognized tax benefits within the next twelve months.

15. Commitments and contingencies

Environmental Contingencies

Based upon all available information, 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. Because of the issues and uncertainties described below and the inability to predict the requirements of future environmental laws, there can be no assurance that future capital expenditures and costs for environmental compliance at currently or formerly owned or operated properties will not result in liabilities that may have a material adverse effect on our financial condition, results of operations or liquidity.

We 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 \$998 and \$1,112 at December 31, 2016 and 2015, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries. With respect to costs for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred.

Vernon

In July 2006, we were 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 in July 1999. The complaint also seeks costs and attorney fees. The matter was stayed by the court in 2008 to allow for the remediation of environmental areas at the site. On June 30, 2016 the court ordered the stay lifted and reopened the case. The matter is in a preliminary stage in the U.S. District Court for the District of Delaware, and we cannot predict the ultimate outcome of this action or estimate a range of possible losses related to this matter at this time.

Matters relating to the St. Croix Alumina Refining Facility

We are a party to a United States Environmental Protection Agency Administrative Order on Consent (the "Order") pursuant to which certain past and present owners of an alumina refining facility at St. Croix, Virgin Islands (the "St. Croix Alumina Refinery") 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. Through December 31, 2016, our affiliate Virgin Islands Alumina Corporation LLC, has expended approximately \$1,085 on the Hydrocarbon Recovery Plan. At this time, we are not able to estimate the amount of any future potential payments under this indemnification to comply with the Order, but we do not anticipate that any such amounts will have a material adverse effect on our financial condition, results of operations or liquidity, regardless of the final outcome.

In December 2010, Century was among several defendants named in a lawsuit filed by plaintiffs who either worked, resided or owned property in the area downwind from the St. Croix Alumina Refinery. In March 2011, Century was also named a defendant in a nearly identical suit brought by certain additional plaintiffs. The plaintiffs in both suits allege damages caused by the presence of red mud and other particulates coming from the alumina facility and are seeking unspecified monetary damages, costs and attorney fees as well as certain injunctive relief. We have tendered indemnity and defense to St. Croix Alumina LLC and Alcoa Alumina & Chemical LLC under the terms of an acquisition agreement relating to the facility and have filed motions to dismiss plaintiffs' claims. In August 2015, the Superior Court of the Virgin Islands, Division of St. Croix denied the motions to dismiss but ordered all plaintiffs to refile individual complaints. At this time, we are not able to predict the ultimate outcome of or to estimate a range of possible losses for any of the foregoing actions relating to the St. Croix Alumina Refinery.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Legal Contingencies

In addition to the foregoing matters, we have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, stockholder, safety and health matters.

In evaluating whether to accrue for losses associated with legal contingencies, it is our policy to take into consideration factors such as the facts and circumstances asserted, our historical experience with contingencies of a similar nature, the likelihood of our prevailing and the severity of any potential loss. For some matters, no accrual is established because we have assessed our risk of loss to be remote. Where the risk of loss is probable and the amount of the loss can be reasonably estimated, we record an accrual, either on an individual basis or with respect to a group of matters involving similar claims, based on the factors set forth above.

When we have assessed that a loss associated with legal contingencies is reasonably possible, we determine if estimates of possible losses or ranges of possible losses are in excess of related accrued liabilities, if any. Based on current knowledge, management has ascertained estimates for losses that are reasonably possible and management does not believe that any reasonably possible outcomes in excess of our accruals, if any, either individually or in aggregate, would be material to our financial condition, results of operations, or liquidity. We reevaluate and update our assessments and accruals as matters progress over time.

Ravenswood Retiree Medical Benefits changes

In November 2009, Century Aluminum of West Virginia ("CAWV") filed a class action complaint for declaratory judgment against the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW"), the USW's local and certain CAWV retirees, individually and as class representatives, seeking a declaration of CAWV's rights to modify/terminate retiree medical benefits. Later in November 2009, the USW and representatives of a retiree class filed a separate suit against CAWV, Century Aluminum Company, Century Aluminum Master Welfare Benefit Plan, and various John Does with respect to the foregoing.

On February 9, 2017, CAWV entered into a settlement agreement in potential settlement of these actions. Under the terms of the settlement agreement, CAWV has agreed to make payments into a trust for the benefit of the CAWV retirees in the aggregate amount of \$23,000 over the course of 10 years, with \$5,000 payable upon final approval by the court of the settlement agreement and \$2,000 payable annually thereafter for nine years. We recognized a \$23,000 liability in the consolidated balance sheets with a corresponding expense included in Ravenswood charges in the consolidated statements of operations in 2016. The settlement agreement is subject to final court approval which is not expected before the third quarter of 2017.

PBGC Settlement

In 2013, we entered into a settlement agreement with the PBGC regarding an alleged "cessation of operations" at our Ravenswood facility as a result of the February 2009 curtailment of operations at the facility. Pursuant to the terms of the agreement, we will make additional contributions (above any minimum required contributions) to our defined benefit pension plans totaling approximately \$17,400 over the term of the agreement. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we are able to defer one or more of these payments, but would then be required to provide the PBGC with acceptable security for deferred payments. We made contributions pursuant to this agreement of \$1,100 in 2015 and \$6,700 in 2013. We did not make any contribution during 2014 and 2016. We have elected to defer other payments under the PBGC agreement and have provided the PBGC with the appropriate security. The remaining contributions under this agreement are approximately \$9,600.

Power Commitments and Contingencies

Hawesville

Hawesville has a power supply arrangement with Kenergy and EDF Trading North America, LLC ("EDF") which provides market-based power to the Hawesville smelter. Under this arrangement, the power companies purchase power on the open market and pass it through to Hawesville at Midcontinent Independent System Operator ("MISO") pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2018, extending year to year thereafter unless a one year notice is given.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Sebree

Sebree has a power supply arrangement with Kenergy and EDF which provides market-based power to the Sebree smelter. Similar to the arrangement at Hawesville, the power companies purchase power on the open market and pass it through to Sebree at MISO pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2018, extending year to year thereafter unless a one year notice is given.

Mt. Holly

Mt. Holly has a power supply arrangement pursuant to which 25% of the Mt. Holly load is served from the South Carolina Public Service Authority's ("Santee Cooper") generation at a standard cost-based industrial rate and 75% of the Mt. Holly load is sourced from a third party supplier from generation that is outside Santee Cooper's service territory at market prices that are tied to natural gas prices. The agreement with Santee Cooper has a term through December 31, 2018. The current third party supply contract has a term through December 31, 2017. Both of these agreements may be terminated by Mt. Holly on 60 days' notice.

Grundartangi

Grundartangi has power purchase agreements for approximately 525 MW with HS Orka hf ("HS"), Landsvirkjun and Orkuveita Reykjavíkur ("OR") to provide power to its Grundartangi smelter. These power purchase agreements, which will expire on various dates from 2019 through 2036 (subject to extension), provide power at LME-based variable rates. Each power purchase agreement contains take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreement.

In late 2016, Grundartangi reached an agreement with Landsvirkjun for an extension of the 161MW power contract that would have expired in October 2019. Under the terms of the extension, Landsvirkjun will continue to supply 161MW of power to Grundartangi from November 1, 2019 through December 31, 2023. Grundartangi will continue to pay LME-based variable rates through October 2019 and thereafter will pay rates based on the market price for power in the Nord Pool power market.

Helguvik

Nordural Helguvik ehf ("Nordural Helguvik") has a power purchase agreement with OR to provide a portion of the power requirements to the Helguvik project. The agreement would provide power at LME-based variable rates and contains take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreements. The agreement also contains certain conditions to OR's obligations and OR has alleged that certain of these conditions have not been satisfied.

Other Commitments and Contingencies

Labor Commitments

The bargaining unit employees at our Grundartangi, Vlissingen, Hawesville and Sebree facilities are represented by labor unions, representing approximately 63% of our total workforce.

Approximately 83% of Grundartangi's work force is represented by five labor unions, governed by a labor agreement which is effective through December 31, 2019 that establishes wages and work rules for covered employees. 100% of Vlissingen's work force is represented by the Federation for the Metal and Electrical Industry ("FME") by a labor agreement that is effective to June 1, 2018. The FME negotiates working conditions with trade unions on behalf of its members.

Approximately 54% of our U.S. based work force is represented by USW. The labor agreement for CAKY's Hawesville employees is effective through April 1, 2020. Century Sebree's labor agreement with the USW for its employees at the Sebree smelter is effective through October 28, 2019.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Asset retirement obligations ("ARO")

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

	Year ended	
	December 31,	
	2016	2015
Beginning balance, ARO liability	\$35,165	\$36,950
Additional ARO liability incurred	1,272	3,797
ARO liabilities settled	(1,930)	(5,514)
Accretion expense	1,903	1,818
Adjustments	(992)	(1,886)
Ending balance, ARO liability	\$35,418	\$35,165

17. Supplemental cash flow information

	Year Ended December 31,		
	2016	2015	2014
Cash paid for:			
Interest	\$19,511	\$18,781	\$19,066
Income/withholding taxes (1)	13,904	24,125	12,189
Non-cash investing activities:			
Accrued capital costs	\$3,018	\$777	\$744

We paid withholding taxes in Iceland on intercompany dividends of zero, \$8,388 and \$5,491 during the years (1) ended December 31, 2016, 2015 and 2014, respectively. Such withholding taxes are then refunded to us in the following year.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Quarterly information (Unaudited)

Financial results by quarter for the years ended December 31, 2016 and 2015 are as follows:

	Net sales	Gross profit (loss)	Net income (loss)	Net income (loss) allocated to common stockholders	Basic earnings (loss) per share	Diluted earnings (loss) per share
2016						
4th Quarter (1)	\$ 339,836	\$ 5,057	\$ (168,464)	\$ (168,464)	\$ (1.93)	\$ (1.93)
3rd Quarter (2)	333,650	(17,612)	(58,273)	(58,273)	(0.67)	(0.67)
2nd Quarter (3)	326,754	5,582	(9,515)	(9,515)	(0.11)	(0.11)
1st Quarter (4)	318,854	(3,052)	(16,163)	(16,163)	(0.19)	(0.19)
2015						
4th Quarter (5)	\$ 383,915	\$ (18,701)	\$ (43,080)	\$ (43,080)	\$ (0.50)	\$ (0.50)
3rd Quarter (6)	454,540	(42,423)	(56,112)	(56,112)	(0.65)	(0.65)
2nd Quarter (7)	523,491	8,342	(33,897)	(33,897)	(0.39)	(0.39)
1st Quarter (8)	587,911	94,095	73,779	67,813	0.76	0.76

(1) The fourth quarter of 2016 was unfavorably impacted by a \$152,200 impairment charge for Helguvik and a \$6,900 charge related to discrete tax items.

(2) The third quarter of 2016 was unfavorably impacted by a \$3,800 impairment charge related to Ravenswood assets and \$23,000 charge related to the Ravenswood retiree medical proposed settlement.

(3) The second quarter of 2016 was unfavorably impacted by a \$4,900 LCM adjustment to cost of goods sold.

(4) The first quarter of 2016 was favorably impacted by a \$5,800 LCM adjustment to cost of goods sold.

The fourth quarter of 2015 was favorably impacted by a \$23,474 lower of cost or market inventory adjustment, \$3,400 related to non-cash, non-recurring post-retirement benefits. Results were negatively impacted by a \$3,500 charge related to the partial curtailment of operations at Hawesville and Mt. Holly, a \$5,000 charge for depreciation related to Mt. Holly purchase accounting and an \$11,584 impairment charge at BHH.

(6) The third quarter of 2015 was impacted by a \$5,324 unfavorable lower of cost or market adjustment to cost of goods sold, \$1,400 for labor disruption and \$2,900 for partial curtailment expenses at Hawesville.

The second quarter of 2015 was impacted by a \$25,689 unfavorable LCM adjustment to cost of goods sold and a \$30,850 impairment reserve related to the permanent closure of our Ravenswood facility and \$11,700 of labor disruption expenses associated with a new union contract at our Hawesville location in partially offset by a \$10,287 gain on fair value of contingent consideration on our Mt. Holly acquisition.

The first quarter of 2015 included a \$6,527 gain on fair value of contingent consideration partially offset by \$1,570 (8) of signing bonuses related to a new labor contract at Grundartangi and a \$1,000 severance charge for a former executive.

19. Business segments

Century Aluminum is a producer of primary aluminum, which trades as a global commodity. We are organized as a holding company with each of our operating primary aluminum smelters managed and operated as a separate facility reporting to our corporate headquarters. Each of our operating primary aluminum smelters meets the definition of an operating segment. We evaluated the similar economic and other characteristics, including nearly identical products, production processes, customers and distribution and have aggregated our four operating segments into one reportable segment, primary aluminum, based on these factors. In addition, all of our primary aluminum smelters share several key economic factors inherent in their common products and production processes. For example, all of our facilities' revenue is based on the LME price for primary aluminum.

CENTURY ALUMINUM COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Segment assets (1)	2016	2015	2014
Primary	\$1,492,964	\$1,706,032	\$1,987,727
Corporate, unallocated	47,363	46,436	37,331
Total assets	\$1,540,327	\$1,752,468	\$2,025,058

(1) Segment assets include accounts receivable, due from affiliates, prepaid and other current assets, inventory, intangible assets and property, plant and equipment — net; the remaining assets are unallocated corporate assets.

Geographic information

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

	2016	2015	2014
Net sales:			
United States	\$808,912	\$1,373,714	\$1,370,570
Iceland	510,182	576,143	560,472
Long-lived assets: (1)			
United States	\$395,107	\$408,722	\$497,057
Iceland	625,897	801,268	831,507
Other	78,701	94,421	95,752

(1) Includes long-lived assets other than financial instruments and deferred taxes.

Major customer information

The following table shows our major customers whose sales revenue exceeded 10% of our net sales. A loss of any of these customers could have a material adverse effect on our results of operations. The net sales revenue for these customers is as follows:

	Year Ended December 31,		
	2016	2015	2014
Glencore	\$1,178,631	\$1,867,711	\$1,262,101
Southwire—	—	—	226,740

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As of December 31, 2016, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer, also the principal financial officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our management, including the Chief Executive Officer, also the principal financial officer, concluded that our disclosure controls and procedures were effective.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting for the Company. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal control over financial reporting may vary over time. Our system of internal control contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

As required by Section 404 of the Sarbanes-Oxley Act, management conducted an evaluation of the effectiveness of the system of internal control over financial reporting for the year ended December 31, 2016. Management's evaluation was based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management concluded that our system of internal control over financial reporting was effective as of December 31, 2016. The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2016, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by May 1, 2017, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by May 1, 2017.

Item 11. Executive Compensation

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by May 1, 2017, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by May 1, 2017.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by May 1, 2017, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by May 1, 2017.

Item 13. Certain Relationships and Related Transactions and Director Independence

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by May 1, 2017, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by May 1, 2017.

Item 14. Principal Accountant Fees and Services

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by May 1, 2017, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by May 1, 2017.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) List of Financial Statements

The following consolidated financial statements of Century Aluminum Company and the Independent Auditors' Reports are included in Part II, Item 8 of this Form 10-K:

Reports of Independent Registered Public Accounting Firm

Consolidated Statements of Operations for the years ended December 31, 2016, 2015 and 2014

Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2016, 2015 and 2014

Consolidated Balance Sheets as of December 31, 2016 and 2015

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2016, 2015 and 2014

Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014

Notes to the consolidated financial statements

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(a) (2) List of financial Statement Schedules

None. All required information has been included in the consolidated financial statements or notes thereto.

(a) (3) List of Exhibits

Exhibit Index

Exhibit Number	Description of Exhibit	Incorporated by Reference			Filed Herewith
		Form	File No.	Filing Date	
2.1	Stock Purchase Agreement, dated October 23, 2014, by and between Berkeley Aluminum, Inc. and Alumax Inc.	8-K	001-34474	October 24, 2014	
2.2	Guarantee of Century Aluminum Company, dated October 23, 2014.	8-K	001-34474	October 24, 2014	
3.1	Amended and Restated Certificate of Incorporation of Century Aluminum Company.	10-Q	001-34474	November 9, 2012	
3.2	Amended and Restated Bylaws of Century Aluminum Company.	8-K	001-34474	September 18, 2012	
3.3	Amendment No. 1 to Amended and Restated Bylaws of Century Aluminum Company.	8-K	001-34474	December 14, 2015	
4.1	Form of Stock Certificate.	S-1	33-95486	August 8, 1995	
4.2	Certificate of Designation, Preferences and Rights of Series A Convertible Preferred Stock of Century Aluminum Company, dated July 7, 2008.	8-K	000-27918	July 8, 2008	
4.3	Indenture for Century Aluminum Company's 7.5% Senior Secured Notes due 2021, dated as of June 4, 2013, by and among Century Aluminum Company, as issuer and Wilmington Trust, National Association, as trustee and Noteholder Collateral Agent.	8-K	001-34474	June 10, 2013	
4.4	First Supplemental Indenture, dated December 18, 2014, for Century Aluminum Company's 7.5% Senior Secured Notes due 2021, by and among Century Aluminum Company, as issuer and Wilmington Trust, National Association, as trustee and Noteholder Collateral Agent.	10-K	001-34474	March 2, 2015	
4.5	Form of Note for the Indenture for Century Aluminum Company's 7.5% Senior Secured Notes due 2021, dated as of June 4, 2013, between Century Aluminum Company, as issuer, and Wilmington Trust Company, as trustee and Noteholder Collateral Agent.	8-K	001-34474	June 10, 2013	
10.1	Loan and Security Agreement, dated as of May 24, 2013, among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	8-K	001-34474	May 28, 2013	
10.2	First Amendment to Loan and Security Agreement, dated as of August 16, 2013, among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	10-K	001-34474	March 2, 2015	
10.3	Second Amendment to Loan and Security Agreement, dated as of January 15, 2014, among Century Aluminum Company, Berkeley	10-K	001-34474	March 2, 2015	

Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.

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10.4	Third Amendment to Loan and Security Agreement, dated as of October 23, 2014, among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	8-K	001-34474	October 24, 2014
10.5	Fourth Amendment to Loan and Security Agreement, dated as of December 1, 2014, among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	10-K	001-34474	March 2, 2015
10.6	Fifth Amendment dated as of June 26, 2015, among Century Aluminum Company, Century Aluminum of South Carolina, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	8-K	001-34474	June 30, 2015
10.7	Sixth Amendment dated as of December 31, 2015, among Century Aluminum Company, Century Aluminum of South Carolina, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	10-K	001-34474	March 7, 2016
10.8	Second Lien Pledge and Security Agreement, dated as of June 4, 2013, by and among Century Aluminum Company, the other Grantors (as defined therein) and Wilmington Trust, National Association, as collateral agent of the 7.5% Senior Secured Notes.	8-K	001-34474	June 10, 2013
10.9	Collateral Agency Agreement, dated as of June 4, 2013, by and among Century Aluminum Company, the other Grantors and Wilmington Trust, National Association, as trustee and collateral agent.	8-K	001-34474	June 10, 2013
10.10	Revolving Credit Facility, dated November 27, 2013, between Nordural Grundartangi ehf, as borrower, and Landsbankinn hf.	10-K	001-34474	March 14, 2014
10.11	Amendment to Revolving Credit Facility, dated April 14, 2016, between Nordural Grundartangi ehf, as borrower, and Landsbankinn hf.	8-K	011-34474	April 15, 2016
10.12	Amendment Agreement to General Bond, dated as of November 27, 2013, by and between Nordural Grundartangi ehf and Landsbankinn hf.	10-K	001-34474	March 14, 2014
10.13	Stock Purchase Agreement, dated as of July 7, 2008, by and between Century Aluminum Company and Glencore Investment Pty Ltd.	8-K	000-27918	July 8, 2008
10.14	Standstill and Governance Agreement, dated as of July 7, 2008, by and between Century Aluminum Company and Glencore AG.	8-K	000-27918	July 8, 2008
10.15	Amendment to Standstill and Governance Agreement, dated January 27, 2009, by and between Century Aluminum Company and Glencore AG.	10-K	001-34474	March 16, 2010
10.16	Registration Rights Agreement, dated as of July 7, 2008, by and between Century Aluminum Company and Glencore Investment Pty Ltd.	8-K	000-27918	July 8, 2008

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10.17	Amended and Restated Aluminum Purchase Agreement, dated as of February 23, 2015, by and between Century Aluminum Company, NSA General Partnership, Century Aluminum Sebree LLC, Century Aluminum of South Carolina, Inc., Century Aluminum of West Virginia, Inc. and Glencore Ltd.**	10-Q001-34474	May 1, 2015	
10.18	Century Aluminum Company Amended and Restated Executive Severance Plan, adopted June 23, 2014.*	8-K 001-34474	June 27, 2014	
10.19	Century Aluminum Company Amended and Restated Supplemental Retirement Income Benefit Plan.*	10-Q000-27918	August 10, 2009	
10.20	First Amendment of the Century Aluminum Company Amended and Restated Supplemental Retirement Income Benefit Plan.*	10-K001-34474	March 16, 2010	
10.21	Second Amendment of the Century Aluminum Company Amended and Restated Supplemental Retirement Income Benefit Plan, adopted June 23, 2014.*	8-K 001-34474	June 27, 2014	
10.22	Century Aluminum Company Incentive Compensation Plan (Amended and Restated Effective January 1, 2008).*	10-K001-34474	March 2, 2015	
10.23	Century Aluminum Company Amended and Restated 1996 Stock Incentive Plan.*	8-K 001-34474	March 25, 2013	
10.24	Century Aluminum Company Amended and Restated Stock Incentive Plan, adopted June 23, 2014.*	8-K 001-34474	June 27, 2014	
10.25	Century Aluminum Company Amended and Restated Long-Term Incentive Plan, adopted June 23, 2014.*	8-K 001-34474	June 27, 2014	
10.26	Century Aluminum Company Amended and Restated Long-Term Incentive Plan, adopted March 22, 2016.*	8-K 001-34474	March 24, 2016	
10.27	Century Aluminum Company Restoration Plan, adopted December 8, 2015.*	8-K 001-34474	December 14, 2015	
10.28	Form of Time-Vesting Performance Share Unit Award Agreement.*	8-K 001-34474	June 27, 2014	
10.29	Form of Performance Unit Award Agreement for the January 1, 2014 to December 31, 2016 performance period and the January 1, 2015 to December 31, 2017 performance period.*	8-K 001-34474	June 27, 2014	
10.30	Form of Performance Unit Award Agreement for the January 1, 2016 to December 31, 2018 performance period.*	8-K 001-34474	March 24, 2016	
10.31	Form of Stock Option Agreement - Employee.*	10-K000-27918	March 16, 2006	
10.32	Form of Amendment No. 1 to the Stock Option Agreement - Employee.*	10-Q001-34474	August 9, 2011	
10.33	Non-Employee Directors Stock Option Plan.*	S-1 33-95486	March 28, 1996	
10.34	Form of Stock Option Agreement - Non-Employee Director.*	10-K000-27918	March 16, 2006	
10.35	Form of Independent Non-Employee Director Annual Retainer Fee Payment Time-Vesting Performance Share Unit Award Agreement.*	10-K001-34474	March 4, 2015	
10.36	Form of Independent Non-Employee Director Annual Equity-Grant Time-Vesting Performance Share Unit Award Agreement.*	10-K001-34474	March 4, 2015	
10.37	Form of Indemnification Agreement.*	8-K 001-34474	December 5, 2014	
21.1	List of Subsidiaries			X
23.1	Consent of Deloitte & Touche LLP			X
24.1	Powers of Attorney			X

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31.1	Rule 13a-14(a)/15d-14(a) Certification of the Principal Executive Officer and Principal Financial Officer	X
32.1	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Executive Officer and Principal Financial Officer	X
101.INS	XBRL Instance Document	X
101.SCH	XBRL Taxonomy Extension Schema	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X
101.LAB	XBRL Taxonomy Extension Label Linkbase	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X

* Management contract or compensatory plan.
Confidential Information was omitted from this exhibit pursuant to a request for confidential treatment filed separately with the SEC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Century Aluminum Company

By: /s/ MICHAEL A. BLESS
Michael A. Bless
President and Chief Executive Officer (Principal Executive Officer and Principal Financial Officer)

Dated: March 14, 2017

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ MICHAEL A. BLESS Michael A. Bless	President and Chief Executive Officer and Director (Principal Executive Officer and Principal Financial Officer)	March 14, 2017
* Terence Wilkinson	Chairman	March 14, 2017
* Jarl Berntzen	Director	March 14, 2017
* Errol Glasser	Director	March 14, 2017
* Daniel Goldberg	Director	March 14, 2017
/s/ STEPHEN K. HEYROTH Stephen K. Heyroth	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 14, 2017
*By: /s/ JESSE E. GARY Jesse E. Gary, as Attorney-in-fact		