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

FORM 8−K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): June 1, 2013

Century Aluminum Company
(Exact Name of Registrant as Specified in Charter)

Delaware	1−34474	13−3070826
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One South Wacker Drive Suite 1000 Chicago, Illinois	60606
(Address of Principal Executive Offices)	(Zip Code)

(312) 696−3101
(Registrant's telephone number, including area code)
2511 Garden Road; Building A, Suite 200; Monterey, California; 93940
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8−K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a−12 under the Exchange Act (17 CFR 240.14a−12)
☐ Pre−commencement communications pursuant to Rule 14d−2(b) under the Exchange Act (17 CFR 240.14d−2(b))
☐ Pre−commencement communications pursuant to Rule 13e−4(c) under the Exchange Act (17 CFR 240.13e−4(c))

Item 2.01. Completion of Acquisition or Disposition of Assets.

Acquisition of Sebree smelter

On June 1, 2013, our wholly owned subsidiary, Century Aluminum Sebree LLC ("Century Sebree"), acquired the Sebree aluminum smelter ("Sebree") from a subsidiary of Rio Tinto Alcan, Inc ("RTA"). Sebree, located in Robards, Kentucky, has an annual hot metal production capacity of 205,000 metric tons of primary aluminum and employs approximately 500 men and women. The purchase price for the acquisition was approximately $61 million (subject to customary working capital adjustments), of which we have paid approximately $48 million as of July 31, 2013. The remaining portion of the purchase price will be paid following the final determination of the applicable working capital adjustment, which will be determined based on the amount of working capital transferred to Century Sebree at closing versus a target working capital amount of $71 million. As part of the transaction, RTA retained all historical environmental liabilities of the Sebree smelter and has agreed to fully fund the pension plan being assumed by Century.

This Form 8−K/A amends the Current Report on Form 8−K that we filed on June 6, 2013, to include the required financial statements of Sebree and pro forma financial information described in Item 9.01 below.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The financial information required pursuant to Item 9.01(a) of Form 8−K for Sebree's audited carve−out financial statements as of December 31, 2012 and 2011 and for the fiscal years ended December 31, 2012, 2011 and 2010 are attached as Exhibit 99.1 and Exhibit 99.2. Sebree's unaudited carve−out financial statements as of March 31, 2013 and for the three month periods ended March 31, 2013 and 2012 are attached as Exhibit 99.3

(b) Pro forma Financial Information.

Our unaudited pro forma financial information required pursuant to Item 9.01(b) of Form 8−K as of March 31, 2013 and for the three months ended March 31, 2013 and for the year ended December 31, 2012 are attached as Exhibit 99.4

The unaudited pro forma financial information is provided for informational purposes only and is not necessarily indicative of what the actual results of operations would have been had the transactions taken place on the assumed dates; nor is it indicative of the future consolidated results of operations or financial position of the combined companies.

(d) Exhibits.

Exhibit Number	Description
99.1	Sebree's audited carve−out financial statements as of December 31, 2012, 2011 and 2010 and for the fiscal years ended December 31, 2012 and 2011
99.2	Sebree's audited carve−out financial statements as of December 31, 2011, 2010, 2009 and 2008 and for the fiscal years ended December 31, 2011, 2010 and 2009
99.3	Sebree's unaudited interim carve−out financial statements as of March 31, 2013 and December 31, 2012 and for the three month periods ended March 31, 2013 and 2012
99.4	Pro forma financial statements as of March 31, 2013 and for the three month periods ended March 31, 2013 and year ended December 31, 2012

SIGNATURES

Pursuant to the requirements 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

Date: August 15, 2013

By: /s/ Jesse E. Gary
Jesse E. Gary
Executive Vice President, General Counsel and Secretary

May 8, 2013

Independent Auditor's Report

To the Directors of Rio Tinto Alcan Inc.

We have audited the accompanying carve−out balance sheets of Sebree, a component of the Rio Tinto Group as described in Note 1, as of December 31, 2012, 2011 and 2010, and the related carve−out statements of operations, comprehensive income (loss), changes in invested equity and cash flows for the years ended December 31, 2012 and 2011.

Management's responsibility for the carve−out financial statements

Management is responsible for the preparation and fair presentation of the carve−out financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of carve−out financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the carve−out financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the carve−out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve−out financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the carve−out financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the carve−out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve−out financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the carve−out financial statements referred to above present fairly, in all material respects, the financial position of Sebree at December 31, 2012, 2011 and 2010, and the results of its operations and its cash flows for the years ended December 31, 2012 and 2011 in accordance with accounting principles generally accepted in the United States of America.

Without qualifying our opinion, we draw attention to the fact that, as described in Note 1, Sebree has not operated as a separate entity. These carve−out financial statements are, therefore, not necessarily indicative of results that would have occurred if Sebree had been a separate stand−alone entity during the years presented or of the future results of Sebree.

/s/ PricewaterhouseCoopers LLP[1]

[1]CPA auditor, CA public accountancy permit No. A113048

RIO TINTO
SEBREE
DECEMBER 31, 2012

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RIO TINTO
SEBREE

CARVE−OUT STATEMENTS OF OPERATIONS

(in thousands of US dollars)	Notes	Years Ended December 31, 2012	2011
Sales and operating revenues		$ 483,085	$ 528,272
Costs and expenses			
Cost of sales and operating expenses, excluding impairment charge, depreciation and amortization and accretion expense shown below:		460,118	420,562
Impairment charge	6	219,549	
Depreciation and amortization	6	32,929	29,423
Accretion expense	8	3,582	3,520
Selling and administrative expenses			
third parties		7,177	5,158
related parties	1, 11	5,691	8,215
Research and development expenses – related parties	11	2,751	2,235
Other expenses (income) – net			
– third parties	2	2,323	4,124
– related parties	2, 11	15	(29)
		734,135	473,208
Income (loss) before income taxes		(251,050)	55,064
Income tax expense (benefit)	3	(49,357)	22,643
Net income (loss)		$ (201,693)	$ 32,421

The accompanying notes are an integral part of the carve−out financial statements.

RIO TINTO
SEBREE

CARVE−OUT STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of US dollars)	Notes	Years Ended December 31, 2012	2011
Net income (loss)		$ (201,693)	$ 32,421
Other comprehensive income (loss):			
Net actuarial gains (losses) on post retirement benefit plans – net of tax of ($79) and $3,752, respectively	9	123	(5,892)
Other comprehensive income (loss) – net of tax		123	(5,892)
Total comprehensive income (loss)		$ (201,570)	$ 26,529

The accompanying notes are an integral part of the carve−out financial statements.

RIO TINTO
SEBREE

CARVE−OUT BALANCE SHEETS

(in thousands of US dollars)	Notes	At December 31, 2012	2011	2010
ASSETS				
Current assets				
Cash		$ 161	$ 130	$ 151
Restricted cash	4, 12	–	15,969	15,080
Trade receivables – net of allowance for doubtful accounts of nil at 2012 and 2011 and ($139) at 2010				
– third parties		3,879	1,250	713
– related parties	11	23		101
Inventories	5	80,314	80,168	66,104
Prepaid expenses and other current assets		347	266	552
Deferred income tax assets	3	–	2,070	9,933
Total current assets		84,724	99,853	92,634
Non−current assets				
Restricted cash	4, 12	–	–	11,037
Property, plant and equipment – net	6	83,261	310,479	300,597
Other assets		380	238	253
Total assets		168,365	410,570	404,521
LIABILITIES AND INVESTED EQUITY				
Current liabilities				
Trade payables				
– third parties		5,485	4,803	4,316
– related parties	11	6,344	11,660	6,999
Accrued liabilities and other payables	7	29,260	27,462	24,830
Deferred supplier incentives	12	–	9,985	30,521
Asset retirement obligations	8	2,986	2,209	1,623
Post retirement benefits	9	523	511	1,072
Total current liabilities		44,598	56,630	69,361
Non−current liabilities				
Deferred supplier incentives	12	–	–	5,184
Asset retirement obligations	8	74,541	70,636	66,615
Post retirement benefits	9	25,718	29,383	19,506
Deferred income tax liabilities	3	–	47,083	61,466
Total liabilities		144,857	203,732	222,132
Commitments and contingencies	12			
Invested equity				
Owner’s net investment		39,966	223,419	193,078
Accumulated other comprehensive loss		(16,458)	(16,581)	(10,689)
Total invested equity		23,508	206,838	182,389
Total liabilities and invested equity		$ 168,365	$ 410,570	$ 404,521

The accompanying notes are an integral part of the carve−out financial statements.

RIO TINTO
SEBREE

CARVE−OUT STATEMENTS OF CASH FLOWS

(in thousands of US dollars)	Years Ended December 31, 2012	2011
OPERATING ACTIVITIES		
Net income (loss)	$ (201,693)	$ 32,421
Adjustments to determine net cash provided by (used in) operating activities:		
Impairment charge	219,549	
Depreciation and amortization	32,929	29,423
Accretion expense	3,582	3,520
Amortization of deferred supplier incentives	(9,985)	(29,970)
General corporate expenses allocated by the Owner	5,691	8,215
Net losses on derivative financial instruments allocated by the Owner	44	2,368
Settlement of take−or−pay purchase contract allocated by the Owner	1,583	
Bad debt expense net	860	689
Retirement and write−off of property, plant and equipment	983	3,328
Changes in:		
Trade receivables		
– third parties	(2,629)	(537)
– related parties	(23)	101
Inventories	(146)	(14,064)
Prepaid expenses and other current assets	(81)	286
Trade payables		
– third parties	(502)	390
– related parties	(5,316)	4,661
Accrued liabilities and other payables	1,756	2,641
Net change in deferred income tax assets and liabilities	(45,013)	(6,520)
Net change in other assets	(142)	15
Net change in post retirement benefits	(3,530)	3,424
Receipt of deferred supplier incentives		4,250
Settlement of liabilities related to asset retirement obligations	(1,850)	(1,713)
Net cash provided by (used in) operating activities	(3,933)	42,928
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(22,067)	(39,745)
Escrow of restricted cash		(4,250)
Release of restricted cash	15,969	14,398
Net cash provided by (used in) investing activities	(6,098)	(29,597)
FINANCING ACTIVITIES		
Net cash transfers (to) from the Owner	10,062	(13,352)
Net cash provided by (used in) financing activities	10,062	(13,352)
Net increase (decrease) in cash	31	(21)
Cash – beginning of year	130	151
Cash – end of year	$ 161	$ 130
Supplemental disclosure of non−cash investing information:		
Net changes to property, plant and equipment due to changes in asset retirement obligations	$ 2,950	$ 2,800

The accompanying notes are an integral part of the carve−out financial statements.

RIO TINTO
SEBREE

CARVE−OUT STATEMENTS OF CHANGES IN INVESTED EQUITY

(in thousands of US dollars)	Owner's Net Investment	Accumulated Other Comprehensive Loss	Total Invested Equity
Balance at December 31, 2010	$ 193,078	$ (10,689)	$ 182,389
Net income (loss) – Year ended December 31, 2011	32,421		32,421
Other comprehensive income (loss):			
Net actuarial gains (losses) on post retirement benefit plans – net of tax of $3,752		(5,892)	(5,892)
Net transfers (to) from the Owner	(2,080)		(2,080)
Balance at December 31, 2011	223,419	(16,581)	206,838
Net income (loss) – Year ended December 31, 2012	(201,693)		(201,693)
Other comprehensive income (loss):			
Net actuarial gains (losses) on post retirement benefit plans – net of tax of ($79)		123	123
Net transfers (to) from the Owner	18,240		18,240
Balance at December 31, 2012	$ 39,966	$ (16,458)	$ 23,508

The accompanying notes are an integral part of the carve−out financial statements.

(in thousands of US dollars)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Sebree is an aluminum smelting plant located in Robards, Kentucky, United States, and manufactures and sells a range of aluminum billets and other remelt metal products.

At December 31, 2012, the Sebree smelter was part of Alcan Primary Products Corporation, a corporation owned by the Rio Tinto Group, which is comprised of Rio Tinto plc and Rio Tinto Limited. References herein to Rio Tinto or the Owner refer to the Rio Tinto Group and, where applicable, one or more of its subsidiaries, affiliates and joint ventures. References herein to “Sebree”, “we”, “our”, or “us” refer to the Sebree business.

During October 2011, Rio Tinto announced that it intended to streamline its Aluminium Product Group following a strategic review whereby divestment options for Sebree would be investigated and evaluated. In connection with and preparation for the divestment, Sebree has prepared the accompanying carve−out financial statements on the basis described below.

On April 28, 2013, Rio Tinto signed an agreement to sell Sebree to Century Aluminum Company (“Century”; Nasdaq: CENX) for a total base sale price of $65 million in cash subject to post−closing working capital and other adjustments and regulatory approval. See Note 13 – Subsequent Events.

Basis of Presentation

Sebree’s financial statements are presented using accounting principles generally accepted in the United States of America (“GAAP”) on a carve−out accounting basis. Sebree’s functional and reporting currency is the United States (“US”) dollar.

The carve−out balance sheets at December 31, 2012, 2011 and 2010 and the related carve−out statements of operations, comprehensive income (loss), cash flows and changes in invested equity for the years ended December 31, 2012 and 2011 have been derived from the accounting records of Rio Tinto using the historical results of operations and historical bases of assets and liabilities of Sebree, including the effects of push down accounting from the Rio Tinto acquisition of Alcan Inc. (“Alcan”) during 2007. Collectively, the financial statements and accompanying notes to the financial statements are referred to hereinafter as the carve−out financial statements.

Management believes the assumptions underlying the carve−out financial statements are reasonable, including the allocations described below under the section titled Allocations from the Owner. However, the carve−out financial statements included herein may not necessarily represent what Sebree’s results of operations, financial position and cash flows would have been had it been a stand−alone entity during the years presented, or what Sebree’s results of operations, financial position and cash flows may be in the future.

As these carve−out financial statements represent a business of the Owner which is not a separate legal entity, the net assets of Sebree have been presented herein as Owner’s net investment, a component of Invested equity. Invested equity is comprised primarily of: (i) the initial investment to acquire and establish the net assets of Sebree (and any subsequent adjustments thereto); (ii) the accumulated net income and other comprehensive income (losses) of Sebree; (iii) net transfers to or from the Owner related to cash management functions performed by the Owner, such as the collection of trade receivables and the payment of trade payables and wages and salaries; (iv) certain corporate cost allocations; (v) allocated gains and losses on derivative financial instruments; and (vi) changes in certain income tax liabilities and assets.

Related Parties

Balances and transactions between Sebree and the Owner have been identified as related party balances and transactions in the carve−out financial statements.

Cash Management and Funding

The Owner performs substantially all cash management and treasury functions for Sebree. None of the Owner’s cash has been allocated to Sebree in the carve−out financial statements.

Substantially all of Sebree’s operations are funded directly by the Owner, including, but not limited to, purchases of inventory, operating expenses and capital expenditures. Sebree records this activity in its carve−out financial statements and, in lieu of recording trade payables to its Owner, records a corresponding credit to Owner’s net investment. As discussed in the section below titled Summary of Significant Accounting Policies – Revenue Recognition and Sales Office Operations, Sebree sells all of its finished products through a sales office of the Owner and, in lieu of recording

(in thousands of US dollars)

trade receivables from the sales office (and subsequently cash−settling such balances), records a corresponding charge against Owner's net investment for the invoiced amounts.

Allocations from the Owner

In addition to the operations and net assets of Sebree, the carve−out financial statements of Sebree also include: (i) allocations of certain of the Owner's general corporate expenses; (ii) allocated gains and losses on derivative financial instruments; and (iii) an allocated settlement of a take−or−pay purchase contract, with corresponding offsetting amounts included in Owner's net investment as non−cash transfers.

The expenses and gains and losses allocated are not necessarily indicative of the amounts that would have been incurred had Sebree performed these functions as a stand−alone entity, nor are they indicative of amounts that will be incurred in the future. It is not practical to estimate the amount of expenses and gains and losses that Sebree would have incurred for the periods presented had it not been an affiliated entity of the Owner. Allocated items are described below.

General Corporate Expenses

The Owner allocates certain of its general corporate expenses to Sebree, comprised of costs incurred in the: (i) finance; (ii) human resources; (iii) legal; (iv) information systems and technology; (v) health, safety and environmental; (vi) corporate; and (vii) external affairs functions of the Owner, as well as a portion of the Owner's executive office costs. The allocated expenses are mainly comprised of salaries, including variable compensation and other direct costs of the various functions. The allocation to Sebree is based on Sebree's proportional share of the Owner's total average headcount and total assets.

General corporate expense allocations are included in Selling and administrative expenses – related parties in Sebree's carve−out statements of operations and are summarized in the following table.

	Years Ended December 31,	
	2012	2011
General corporate expenses allocated by the Owner	5,691	8,215

Fluctuations in amounts from year to year are attributable to changes in: (i) the Owner's practices of centralizing and decentralizing activities; (ii) the total average headcount and total assets of the Owner as it manages its portfolio (and therefore, Sebree's relative size in relation to the total); and (iii) the levels and amounts of the Owner's spending, among other variables.

Derivative Financial Instruments

Sebree participates in the Owner's derivative financial instruments program related to risk management. In conducting its business, the Owner uses various derivative financial instruments to manage aluminum price risk. Sebree does not directly enter into any derivative financial instruments. Although the derivative financial instruments are intended to act as economic hedges, none of the derivative financial instruments used is designated for hedge accounting.

Realized and unrealized gains and losses on derivative financial instruments incurred at the Owner level are allocated to Sebree based on tonnage sold. None of the Owner's financial assets or liabilities related to derivative financial instruments is allocated to Sebree.

Allocated net losses on derivative financial instruments are included in Cost of sales and operating expenses in Sebree's carve−out statements of operations and are summarized in the following table.

	Years Ended December 31,	
	2012	2011
Net losses on derivative financial instruments allocated by the Owner	44	2,368

Settlement of Take−or−Pay Purchase Contract

The Owner has allocated a portion of the settlement of a take−or−pay purchase contract to Sebree. The contract involved volume commitments for cathodes used in potlining and certain capital projects at the Owner's European and North American smelters, including Sebree. As the Owner did not take the specified volume commitments, the matter went into arbitration. During September 2012, the Owner lost the arbitration decision and was required to pay a settlement amount for the remaining volume plus interest and other costs.

(in thousands of US dollars)

The allocation to Sebree is based on Sebree's proportional share of the tonnage of aluminum produced in relation to the total tonnage of aluminum produced by the Owner's European and North American smelters.

The allocated settlement is included in Cost of sales and operating expenses in Sebree's carve−out statements of operations and totalled $1,583 for the year ended December 31, 2012.

Income Taxes
Income taxes are calculated as if Sebree had been a separate tax−paying legal entity, filing separate tax returns in its local tax jurisdictions. All of the income tax amounts currently payable or receivable by Sebree are included in Owner's net investment, because the net taxes payable (or receivable) for the taxes due (or refundable) as well as the actual payments (or refunds) of income taxes are recorded in the financial statements of the Owner's other entity that files the consolidated tax returns. As a result of this structure, all of the changes in current income tax accounts are included in net cash transfers (to) from the Owner in the carve−out financial statements.

Interest Expense
The Owner incurs third party debt and provides financing to Sebree through Owner's net investment. The Owner does not allocate any interest expense to Sebree as none of the Owner's debt is related, directly or indirectly, to Sebree's operations.

Reclassifications
Sebree has reclassified certain line items within the carve−out statement of cash flows for the year ended December 31, 2011 to conform to its current year presentation.

Summary of Significant Accounting Policies
Revenue Recognition and Sales Office Operations
Sebree operates under an offtake agreement whereby all of its finished goods are sold through a sales office that services Sebree and other North American smelters owned by Rio Tinto. The sales office directs Sebree (and the other smelters) to ship finished goods either directly to third party customers or to warehousing facilities managed by the sales office. These shipments generally take place within two to three weeks of the completion of the finished goods.

The sales office manages all aspects of third party customer interface activities, including sales and marketing, customer development and relations, establishing credit limits and terms, negotiating selling prices, processing and fulfilling sales orders, arranging for shipping and delivery, invoicing and collecting trade receivables, resolving disputes, arranging for sales returns or price adjustments and issuing credit memos.

Sebree records revenue at the direction of the sales office. However, Sebree does not record trade receivables due from the sales office, nor does Sebree record a portion of the sales office's associated trade receivables from third party customers. Rather, Sebree charges the receivables relating to the revenues against Owner's net investment, as there is no specific cash payment made to Sebree by the sales office, the Owner or any third party customers. See the section above in this note titled Business – Cash Management and Funding. However, Sebree records trade receivables on its carve−out balance sheets which arise as a result of miscellaneous scrap and other sundry sales made directly by Sebree.

For the purposes of preparing and presenting the carve−out statements of operations of the Sebree business as it has been historically managed by the Owner, all revenues are considered earned from third parties, but only to the extent that the title to finished goods has transferred to third party customers, and the finished goods are no longer in the sales office's inventories. Inventories determined to be held by the sales office in warehouses at each year end are allocated to Sebree and included in Sebree's carve−out balance sheets within Inventories.

(in thousands of US dollars)

Revenue is recognized on individual sales only when all of the following criteria are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the sales office; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Additionally, the terms of the sales arrangement between Sebree and the sales office provide for specific pricing between the associated entities, and the sales office recognizes an additional margin or loss on its through−sales to third party customers. For the purposes of preparing and presenting the carve−out statements of operations of the Sebree business as it has been historically managed by the Owner, a proportional share of the sales office's margin or loss has been attributed to Sebree based on tonnage sold and is included in its results of operations and an equal and offsetting amount is recorded in Owner's net investment.

Sebree's operating results in these carve−out financial statements also include its proportional share (based on tonnage sold) of the sales office's operating expenses, including any write−downs or charges associated with reserves related to inventory valuations, bad debt expenses (or recoveries) related to trade receivables, selling and administrative expenses, and other items of income or expense, as appropriate. For each, an equal and offsetting amount is recorded in Owner's net investment.

Cost of Sales and Operating Expenses
Cost of sales and operating expenses are primarily comprised of direct materials and supplies consumed in the smelting and manufacturing processes, as well as manufacturing labor and direct and indirect overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of sales and operating expenses also include shipping and handling costs.

Selling and Administrative Expenses
Selling and administrative expenses are primarily comprised of marketing, selling, administrative and other indirect overhead costs. Such costs are incurred directly by Sebree or are allocated to Sebree by the Owner. See the section above in this note titled Business Allocations from the Owner – General Corporate Expenses.

Research and Development Expenses
Sebree does not directly conduct any research and development activities. The Owner charges Sebree directly for its deemed share of the Owner's research and development expenses, and these direct charges are recognized as expenses in Sebree's carve−out statements of operations as incurred.

Inventories
Inventories are stated at the lower of cost (on a weighted average cost basis) or market, which approximates net realizable value ("NRV"). NRV is the amount estimated to be obtained from the sale of inventories in the normal course of business, less the estimated costs of completion and the estimated costs necessary to consummate the sale. Weighted average costs are calculated by reference to the cost levels experienced in the current period together with those in opening inventory. Cost for each of raw materials, purchased components and consumable stores is their purchase price. Cost for each of work in progress and finished goods is their cost of production, which includes: (i) labor costs; (ii) raw materials; (iii) depreciation and amortization; (iv) other expenses which are directly attributable to the production process; and (v) indirect production overhead costs. Adjustments to inventory values between cost and NRV are included in Cost of sales and operating expenses.

Property, Plant and Equipment
Property, plant and equipment are recorded at cost, which is comprised of the asset's purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and any related estimated close down and restoration costs. The cost of property, plant and equipment also includes the effects of push down accounting from the Rio Tinto acquisition of Alcan during 2007. Additions, improvements and major renewals are capitalized. Maintenance and repair costs are expensed as incurred within Cost of sales and operating expenses.

Costs associated with commissioning new assets during the period before they are capable of operating in the manner intended by management are capitalized into construction work in progress ("CWIP"). Upon completion and placement

(in thousands of US dollars)

into service, such assets are transferred from CWIP to the appropriate class of property, plant and equipment, at which time depreciation commences.

Depreciation and amortization are calculated on the straight−line method based on the estimated useful lives of the respective assets, which are reviewed annually. Land is not depreciated. Property rights are amortized over the contract terms on a straight−line basis. The estimated useful lives used by Sebree range from 7 to 40 years for buildings and from 3 to 25 years for machinery and equipment; however, Sebree's policy is to limit these useful lives to the remaining term of its power purchase contract, plus one renewal period if that contract is likely to be renewed.

Gains and losses from the disposals of property, plant and equipment (including the write−off of damaged and obsolete items) are included in Other expenses (income) – net.

Asset Retirement Costs and Obligations
Costs for legal obligations associated with the retirement of a tangible long−lived asset that result from its acquisition, construction, development or normal operation are recognized as liabilities at their fair values (discounted to their present value using an estimate of the Owner's credit−adjusted risk−free rate) when initially incurred. A corresponding asset retirement amount is added to the carrying value of the related asset.

These liabilities constitute: (i) environmental remediation costs resulting from normal operations, associated with the disposal of certain of the spent potlining material generated at the facility; and (ii) estimated close−down costs of the facility following a future cessation of operations. These costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Increases in the asset retirement obligation due to the passage of time are recorded as Accretion expense in the carve−out statements of operations. The related incremental asset retirement cost is depreciated over the remaining useful life of the related asset which may be limited to the remaining term of Sebree's power purchase contract, plus one renewal period if that contract is likely to be renewed.

Any revisions due to changes in the estimated timing of future cash flows of the estimated expenditure are reflected as an adjustment to the liability and the corresponding asset. Actual expenditures incurred are charged against the accumulated obligation as they are paid.

Deferred Supplier Incentives
Amounts recorded as Deferred supplier incentives represent amounts received as a result of a renegotiation of Sebree's power purchase contract. These amounts are amortized as a reduction of Cost of sales either: (i) on a straight−line basis over the remaining life of the original contract; or (ii) on a variable basis based on power usage, depending upon the specific nature of the incentive received.

Impairment of Long−Lived Assets
Long−lived assets and asset groups are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of a long−lived asset may not be recoverable. Management assesses the recoverability of its long−lived assets on an undiscounted cash flow basis. Any impairment charge is measured as the amount by which the carrying amount of the asset exceeds its fair value.

Determinations of market values (quotes, bids, proposals, etc.) are used whenever available to estimate fair value. When market values are unavailable, the fair value of a long−lived asset or asset group is generally based on estimates of future discounted net cash flows. The determination of fair value is significantly affected by estimates of future prices and demand for Sebree's products, expected future operating expenses, capital expenditure investment requirements, economic trends in the market, discount rates and other factors. Assets to be disposed of by sale are held at the lower of their carrying amount or fair value less estimated costs to sell and are not depreciated while classified as held−for−sale.

Legal Claims
Accruals for legal claims are made when it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated.

Environmental Costs and Liabilities
Environmental costs are expensed or capitalized, as appropriate, and the liability recorded based on the net present value of estimated future costs. Environmental expenditures of a capital nature that extend the life, increase the capacity or improve the safety of an asset or that mitigate or prevent environmental contamination that may occur are capitalized

(in thousands of US dollars)

as Property, plant and equipment and depreciated over the remaining useful life of the underlying asset. Environmental expenditures relating to existing conditions deemed to have been caused by past operations, and which do not contribute to future revenues, are expensed when both probable and estimable and included in Cost of sales and operating expenses. Recoveries relating to environmental liabilities are recorded when received or when changes in circumstances warrant revisions to estimates.

Post Retirement Benefits
Sebree's post retirement benefits obligations are specific to its participation in a funded defined benefit pension plan and an unfunded healthcare plan for unionized employees covered under a collective bargaining agreement in the US. The defined benefit pension and healthcare benefit plans are accounted for in accordance with Accounting Standards Codification ("ASC") Topic 715, Compensation – Retirement Benefits. Post retirement benefits obligations are actuarially calculated using management's best estimates and are based on expected service period, retirement dates and retirement ages of employees. Post retirement benefits expense includes the actuarially computed cost of benefits earned during the current service period, the interest cost on accrued obligations, the expected return on plan assets based on fair market value, the straight−line amortization of net actuarial gains and losses and adjustments due to plan amendments. All net actuarial gains and losses are first recognized in Other comprehensive income (loss) and then amortized into earnings as a periodic benefit cost over the expected average remaining service lives of the employees. All net periodic benefit costs associated with these defined benefit pension and healthcare benefit plans are included in Cost of sales and operating expenses in the carve−out statements of operations.

Non−unionized employees of Sebree or their beneficiaries are entitled to receive benefits upon retirement, disability or death in connection with their participation in the Alcancorp Pension Plan and the Rio Tinto US Benefits Plan. Participation in these plans is offered to employees at various entities within Rio Tinto. Jointly, these Owner sponsored plans offer defined pension and healthcare benefits. Sebree's participation in Owner−sponsored plans is accounted for in accordance with ASC Subtopic 715−80, Multiemployer Plans. Sebree recognizes an expense equal to the amount of its annual contributions for which it is liable as a result of its participation in these plans. The contributions are included in Cost of sales and operating expenses in the carve−out statements of operations in the period in which the liability is incurred. The Owner, as the sponsoring legal entity and ultimate risk bearer of these plans, includes the relevant financial disclosures for these defined benefit plans in its financial statements.

Income Taxes
See the section above in this note titled Business – Income Taxes. Sebree uses the asset and liability approach for accounting for income taxes. Under this approach, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This approach also requires the recognition of deferred income tax assets for operating loss carryforwards and tax credit carryforwards.

The effect on deferred income tax assets and liabilities of a change in tax rates and laws is recognized in income in the period that includes the enactment date. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the deferred income tax assets or liabilities are expected to be recovered or settled. Sebree records a valuation allowance on deferred income tax assets when it is not more likely than not that the assets will be realized, based upon judgments in assessing the potential for future recoverability and considering past experience. The process of determining whether it is more likely than not that deferred income tax assets will be realized includes making assessments of expectations of future taxable income. All available evidence is considered in determining the amount of a valuation allowance.

Sebree is subject to federal and state income taxes in the United States. Sebree is included within a Rio Tinto legal entity whose taxable results are included in consolidated tax returns of the Owner. For purposes of these carve−out financial statements, income taxes are calculated as if Sebree had been a separate tax−paying legal entity, filing separate tax returns in its local tax jurisdictions. As a result of using the separate return method, the resulting income tax attributes reflected in these carve−out financial statements may not reflect the historical or going forward position of income tax balances, especially those related to tax loss carryforwards. The application of a tax allocation method requires significant judgment and making certain assumptions, mainly related to opening balances, applicable income tax rates, valuation allowances and other considerations. All of the income tax amounts currently payable or receivable by Sebree are included in Owner's net investment because the net taxes payable (or receivable) for the taxes due (or refundable) as well as the actual payments (or refunds) of income taxes are recorded in the financial statements of the Owner's other entity that files the consolidated tax returns.

Accrued interest and penalties related to unrecognized tax benefits are recognized as part of the income tax provision.

(in thousands of US dollars)

Operating Segment and Geographic Area Information
Sebree operates as a single business with all of its trading activity in the United States. Accordingly, all of Sebree's results of operations and net assets represent those of a single operating segment.

Cash
Cash includes balances maintained in local bank accounts, imprest accounts and petty cash on hand, and the carrying values of such balances approximate their fair value.

Restricted Cash
Cash held in escrow accounts established in our name and over which we have beneficial ownership, but for which the disbursement of such funds is subject to limitations as to when they are accessible for use, are included on our carve−out balance sheets as Restricted cash.

Allowance for Doubtful Accounts and Bad Debt Expense
Due to the nature of Sebree's sales operations through the sales office as described above, the only trade receivables from third parties are attributable to miscellaneous scrap and other sundry sales made directly by Sebree. Any allowance for doubtful accounts reflects management's best estimate of probable losses inherent in these trade receivables. Management determines the allowance based on known doubtful accounts, historical experience and other currently available evidence. As described above, Sebree's results of operations include its proportional share of bad debt expenses (or recoveries) related to the sales office's trade receivables balances due from third party customers.

Financial Instruments
(i) Financial assets
Sebree classifies its financial assets in the following categories: at fair value through profit or loss or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. The relevant accounting policies are as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the carve−out statements of operations. Generally, Sebree does not acquire financial assets for the purpose of selling in the short term; and

(b) Loans and receivables

Loans and receivables comprise non−derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are included in this category. Loans and receivables are classified based on their maturity date and are carried at amortized cost less any impairment.

(ii) Financial liabilities
Financial liabilities are classified in the category of other liabilities. Financial liabilities are initially recognized at fair value and are subsequently stated at amortized cost. Any difference between the amounts originally received and the redemption value is recognized in the carve−out statements of operations over the period to maturity using the effective interest method.

Financial liabilities are classified as current liabilities unless Sebree has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(iii) Fair value
Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties.

Leases
Sebree leases various buildings, machinery and equipment from third parties under operating lease agreements. Under such operating lease agreements, the total lease payments are recognized as rent expense on a straight−line basis over the term of the lease agreement, and are included in Cost of sales and operating expenses or Selling and administrative expenses, depending on the nature of the leased assets.

Contingencies
Disclosure is made of material contingent liabilities unless the possibility of any loss arising is considered remote.

(in thousands of US dollars)

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Areas requiring significant use of estimates include:

Application of Carve−out Accounting
The preparation of carve−out financial statements requires a comprehensive evaluation and definition of the Sebree entity as it has been historically managed, along with a review of the consistency and appropriateness of Sebree's accounting policies. Further, detailed analyses of business activities, transaction cycles, related party transactions, and the commercial substance of Sebree's significant activities, transactions and balances are necessary in order to estimate the appropriate amounts of assets, liabilities, revenues, expenses and cash flows to be included in the carve−out financial statements.

Impairment Review of Asset Carrying Values
Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular reporting period. Certain asset balances, such as trade receivables and inventories, are subject to periodic assessment as to their recovery, and Sebree and the sales office establish and adjust valuation allowances and record expense and recoveries as appropriate.

Where there is a potential impairment of long−lived assets, the recoverable amount of Sebree as an asset group is assessed by analyses of cash flows and market values. The resulting valuation is particularly sensitive to estimates of future prices and demand for Sebree's products, expected future operating expenses, capital expenditure investment requirements, economic trends in the market, discount rates and other factors.

Estimation of Asset Lives
Property, plant and equipment are assigned asset lives based on management's best estimate of their use in production. The asset lives are limited to the remaining term of Sebree's power purchase contract, plus one renewal period if that contract is likely to be renewed, as described above. The asset lives are subject to review periodically and changes in estimates are accounted for on a prospective basis, affecting depreciation and amortization expense.

Sales Office Activities
The measurements of the results of operations, cash flows, assets and liabilities of the sales office are subject to periodic review. Management estimates Sebree's share of the sales office's activity using allocation principles and methodologies consistently applied from period to period. Changes in the scope of activities performed by the sales office itself, Sebree and other entities that are serviced by the sales office could have an impact on management's estimates.

Close down, Restoration and Clean−up Obligations
Provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbance is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other operating sites. The expected timing of expenditure can also change, for example in response to changes in production rates or economic conditions. As a result there could be significant adjustments to the provision for close down and restoration, which would affect future financial results.
Adopted Accounting Standards and Guidance
ASU No. 2011−05 – Comprehensive Income (codified into ASC Topic 220 – Presentation of Comprehensive Income)
Effective January 1, 2011, we early adopted the separate statement presentation of comprehensive income under Accounting Standards Update ("ASU") No. 2011−05. Under ASU No. 2011−05, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutively presented statements. ASU No. 2011−05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in ASU No. 2011−05 do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income.

Recently Issued Accounting Standards and Guidance
We have determined that all other recently issued accounting standards and guidance will not have a significant impact on our carve−out financial statements or do not apply to our operations.

(in thousands of US dollars)

2. OTHER EXPENSES (INCOME) – NET

Other expenses (income) – net are comprised of the following:

	Notes	Years Ended December 31, 2012	2011
THIRD PARTIES			
Bad debt expense –net[(A)]		$ 860	$ 689
Retirement and write−off of property, plant and equipment	6	983	3,328
Other – net		480	107
		$ 2,323	$ 4,124
RELATED PARTIES			
Other – net		$ 15	$ (29)

(A) Represents Sebree’s proportional share of bad debt expense related to the sales office’s trade receivables balances due from third party customers. See Note 1 – Business and Summary of Significant Accounting Policies – Revenue Recognition and Sales Office Operations; and Allowance for Doubtful Accounts and Bad Debt Expense.

3. INCOME TAXES

The following table presents the reconciliation of Sebree’s income tax expense (benefit) calculated at the effective statutory income tax rate to income tax expense (benefit) as shown in the carve−out statements of operations.

	Years Ended December 31, 2012	2011
Effective statutory income tax rate	38.9%	38.9%
Income (loss) before income taxes	$ (251,050)	$ 55,064
Income tax expense (benefit) at the effective statutory income tax rate	(97,658)	21,420
Differences attributable to:		
Increase in valuation allowance	47,536	—
Non−deductible expenses (non−taxable income) net	50	(68)
Statutory tax rate differences on items allocated by the Owner	725	1,298
Other – net	(10)	(7)
Income tax expense (benefit)	$ (49,357)	$ 22,643

The following table presents the components of income tax expense (benefit):

	At December 31, 2012	2011
Current	$ 549	$ 29,590
Deferred	(49,906)	(6,947)
Income tax expense (benefit)	$ (49,357)	$ 22,643

(in thousands of US dollars)

The items giving rise to Sebree’s deferred income taxes assets and liabilities are as follows:

	At December 31, 2012	At December 31, 2011	At December 31, 2010
Deferred income tax assets arising from:			
Property, plant and equipment	$ 4,005	$ —	$ —
Accounting provisions not currently deductible for tax	3,394	1,240	2,888
Asset retirement obligations	29,930	28,338	26,545
Deferred supplier incentives	—	—	4,071
Post retirement benefits	10,207	11,629	8,005
	47,536	41,207	41,509
Deferred income tax liabilities arising from:			
Property, plant and equipment	—	(86,220)	(93,042)
Less: valuation allowance	47,536	—	—
Net deferred income tax liabilities	$ —	$ (45,013)	$ (51,533)
As shown in the carve−out balance sheets at year end:			
Deferred income tax assets – current	$ —	$ 2,070	$ 9,933
Deferred income tax liabilities – non−current	—	(47,083)	(61,466)
Net deferred income tax liabilities	$ —	$ (45,013)	$ (51,533)

Although historically profitable, Sebree is in a loss position for the year ended December 31, 2012. In addition to the historical results, our forecasts deteriorated in 2012 and are now insufficient to sustain the deferred income tax asset. As a result, we concluded that it is no longer likely that Sebree will be able to recover its deferred income tax assets and accordingly, a full valuation allowance was recorded at December 31, 2012.

The legal entity in which Sebree is included for consolidated tax purposes is, from time to time, under audit by various taxing authorities and several tax years are open at December 31, 2012. Therefore, it is reasonably possible that the amount of unrecognized tax benefits for tax positions taken regarding previously filed tax returns could significantly increase in the next 12 months. However, based on the status of these examinations and the uncertainty surrounding the outcomes of audits and negotiations, it is not possible at this time to estimate the impact of such changes, if any. At December 31, 2012, 2011 and 2010, there are no unrecognized tax benefits.

4. RESTRICTED CASH

Restricted cash balances represent the remaining amounts that we received from a power company as incentive for renegotiating our power purchase contract during 2009. These amounts are carried in an escrow account and released to us on a scheduled basis. The balances are presented as current and non−current assets, depending on the timing of when the funds are expected to be available for our use. By October 2012, all restricted cash had been released to us. See Note 12 – Commitments and Contingencies.

(in thousands of US dollars)

5. INVENTORIES

Inventories are comprised of the following:

	At December 31, 2012	2011	2010
Raw materials and purchased components	$ 35,441	$ 39,836	$ 32,494
Consumable stores	13,544	13,510	12,650
Work in progress	9,400	8,765	6,128
Finished goods	21,929	18,057	14,832
	$ 80,314	$ 80,168	$ 66,104

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are comprised of the following:

	At December 31, 2012	2011	2010
Cost (excluding Construction work in progress):			
Land and property rights	$ 17,164	$ 17,175	$ 17,175
Buildings	129,593	128,543	122,102
Machinery and equipment	289,922	269,429	234,902
	436,679	415,147	374,179
Accumulated depreciation and amortization and impairment	(362,681)	(113,473)	(86,284)
	73,998	301,674	287,895
Construction work in progress	9,263	8,805	12,702
Property, plant and equipment – net	$ 83,261	$ 310,479	$ 300,597

Impairment

During the year ended December 31, 2012, we recorded an impairment charge of $219,549 related to property, plant and equipment based on Century's unsolicited bid for Sebree received by the Owner. The impairment charge was allocated to buildings and machinery and equipment based on their relative carrying values at December 31, 2012.

We incurred no asset impairment charges related to property, plant and equipment during the year ended December 31, 2011.

Retirements and Write−offs

During the years ended December 31, 2012 and 2011, we retired and/or wrote off damaged and obsolete machinery and equipment and construction work in progress having aggregate net book values of $983 and $3,328, respectively. These charges are included in Other expenses (income) – net in our carve−out statements of operations. See Note 2 – Other Expenses (Income) – Net.

(in thousands of US dollars)

7. ACCRUED LIABILITIES AND OTHER PAYABLES

Accrued liabilities and other payables are comprised of the following:

	At December 31, 2012	2011	2010
Accrued electric power expense	$ 13,138	$ 12,432	$ 11,280
Accrued payroll and employment benefits	5,891	7,144	7,158
Accrued inventory purchases	4,021	4,043	2,539
Taxes payable other than income	3,513	743	691
Accrued freight expense	729	984	959
Accruals for capital expenditures	365	323	332
Other	1,603	1,793	1,871
	$ 29,260	$ 27,462	$ 24,830

8. ASSET RETIREMENT OBLIGATIONS

Asset retirement activity and year end obligations are as follows:

	Years Ended December 31, 2012	2011	2010
Balance at the beginning of the year	$ 72,845	$ 68,238	$ —
Liabilities incurred	1,816	1,430	—
Liabilities settled	(1,850)	(1,713)	—
Accretion expense	3,582	3,520	—
Revisions due to changes in estimated future cash flows	1,134	1,370	—
Balance at the end of the year	$ 77,527	$ 72,845	$ 68,238
As shown in the carve−out balance sheets at year end:			
Current	2,986	2,209	1,623
Non−current	74,541	70,636	66,615
	$ 77,527	$ 72,845	$ 68,238

9. POST RETIREMENT BENEFITS

General Descriptions

Pension Plan

Sebree's pension obligation relates entirely to its funded defined benefit pension plan for unionized employees covered under a collective bargaining agreement in the US ("Pension Plan"). Upon retirement, these employees are entitled to a monthly pension determined as the product of their years of continuous service and a fixed pension multiplier. The related assets, liabilities and costs of the Pension Plan are included in Sebree's carve−out financial statements.

Other Benefit Plan

Sebree also sponsors an unfunded other post retirement benefit plan, mostly comprised of healthcare benefits for retired unionized employees in the US ("Other Benefit Plan"). The Other Benefit Plan is managed by Sebree and the related liabilities and costs are included in Sebree's carve−out financial statements.

Defined Contribution Plan

Sebree sponsors an employee savings plan. Sebree's contributions to this plan were $572 and $551 for the years ended December 31, 2012 and 2011, respectively, and are included in Cost of sales and operating expenses in Sebree's carve−out statements of operations.

Post Retirement Benefits for Non−Unionized Employees

Certain of Sebree's non−unionized employees participate in pension and healthcare benefit plans that are managed by the Owner ("Post Retirement Benefits for Non−Unionized Employees"). As Sebree is not the sponsor of these plans,

(in thousands of US dollars)

none of the plan assets or obligations associated with the Post Retirement Benefits for Non−Unionized Employees are recorded in Sebree's carve−out balance sheets. However, Sebree is required to make annual contributions which are expensed as incurred and included in Cost of sales and operating expenses in Sebree's carve−out statements of operations. Contributions made to the Owner−sponsored pension plan were $1,679 and $1,617 for the years ended December 31, 2012 and 2011, respectively, and contributions to the Owner sponsored healthcare benefit plan were $384 and $279 for the years ended December 31, 2012 and 2011, respectively.

Pension Plan

Funding Policy

Sebree's pension funding policy is to contribute the amount required to provide for contractual benefits attributed to service to date, and to fund the actuarial deficit for the most part over periods of 15 years or less. Sebree expects to contribute $1,700 in the aggregate to the Pension Plan during the year ending December 31, 2013.

Expected Future Benefit Payments

The following table presents the amounts of expected future benefit payments from the Pension Plan at December 31, 2012.

		Amounts
For the Years Ending December 31,		
2013	$	3,558
2014		3,731
2015		3,995
2016		4,278
2017		4,630
2018 through 2022, in the aggregate		27,121

Changes in Projected Benefit Obligation

The following table presents the changes in the projected benefit obligation ("PBO") of Sebree's Pension Plan.

	Years Ended December 31,			
		2012		2011
Projected benefit obligation at the beginning of the year	$	74,665	$	64,977
Current service cost		1,223		1,017
Interest cost		3,136		3,246
Benefits paid		(3,488)		(3,258)
Experience (gains) losses		1,003		(27)
Changes in actuarial assumptions		5,957		8,710
Projected benefit obligation at the end of the year	$	82,496	$	74,665

As the Pension Plan benefits are established on the basis of continuous years of service and a fixed pension multiplier, the obligation is not projected beyond the current labor agreement. As a result, the PBO is equal to the accumulated benefit obligation ("ABO") of the Pension Plan at December 31, 2012 and 2011.

(in thousands of US dollars)

Plan Assets

Pension plan assets consist of units held in a Master Trust administered by the Owner. The following table presents the changes in the fair value of plan assets.

	Years Ended December 31, 2012	2011
Plan assets at the beginning of the year	$ 50,475	$ 51,198
Expected return on assets	2,999	3,335
Benefits paid	(3,488)	(3,258)
Employer contributions	6,401	2,494
Actuarial gains (losses)	5,313	(3,294)
Plan assets at the end of the year	$ 61,700	$ 50,475

Plan Assets Composition

The Master Trust is well diversified and there are no significant concentrations of risk present within plan assets. The following table presents the fair value of plan assets of Sebree’s proportionate share of the Master Trust assets.

	At December 31, 2012	2011	2010
Equities(A)	$ 33,273	$ 27,292	$ 31,558
Corporate bonds	18,424	12,977	7,982
Government debt securities	6,121	6,744	8,724
Real estate	3,301	2,542	1,879
Other	581	920	1,055
Plan assets at the end of the year	$ 61,700	$ 50,475	$ 51,198

(A) Equities consist primarily of publicly traded domestic and international equities.

Investment Policy

The Pension Plan investment policy is overseen by the Pension Investment Committee of the Owner which has established two primary investment objectives: (i) provide for the investment of the plan assets in a manner that produces a total investment return (net of fees) that meets or exceeds the liability returns of the plan liabilities, subject to appropriate levels of volatility of the difference between the asset return and the liability return; and (ii) exceed the return of a composite market index at the same allocation as targeted for the respective investment managers over rolling periods of three and five years.

The investment policy generally favors diversification and active management of the plan assets through selection of specialized managers. To ensure that long−term rates of returns are maintained, the investment strategic plan includes a dynamic asset allocation strategy in which asset allocation rebalancing occurs when specific funded ratios are attained and/or when market prices fluctuate outside of the established thresholds. Investments are generally limited to publicly traded equities and highly−rated debt securities, real estate investments and nominal amounts in other asset categories.

The following table presents the Pension Plan’s investment policy target allocation range and actual allocation by asset category.

Asset category	Target Allocation Range	At December 31, 2012	2011	2010
Equities	43–3%	53.9%	54.1%	61.6%
Fixed income	26”4%	39.8%	39.1%	32.6%
Real estate	0‘0%	5.4%	5.0%	3.7%
Other	0‘0%	0.9%	1.8%	2.1%

(in thousands of US dollars)

Fair Value Hierarchy of Plan Assets

Although the Pension Plan assets are not controlled by Sebree, changes in their fair value measurements impact Sebree's results of operations. The subsequent fair value adjustments determine the actual return on plan assets which forms part of the future net periodic benefit costs. Level 2 and Level 3 fair values are independently determined by external valuation specialists.

Sebree uses the fair value hierarchy to measure the fair values of their proportionate share of the Master Trust assets:

- Level 1 fair value measurements represent exchange−traded securities which are valued at quoted prices (unadjusted) in active markets for identical assets that we have the ability to access as of the reporting date.
- Level 2 fair value measurements are determined using input prices that are directly observable for the asset or are indirectly observable through corroboration with observable market data. Level 2 fair values are determined using standard valuation methods such as discounted cash flow models.
- Level 3 fair value measurements are determined using unobservable inputs, such as pricing models for the asset, due to little or no market activity for the asset. Level 3 fair values are determined on the basis of cash flow models or real estate appraisals.

The following tables present the Pension Plan assets classified under the appropriate level of the fair value hierarchy.

At December 31, 2012	Level 1	Level 2	Level 3	Total
Equities	$ 30,703	$ —	$ 2,570	$ 33,273
Fixed income	—	24,545	—	24,545
Real estate	306	—	2,995	3,301
Other	—	581	—	581
	$ 31,009	$ 25,126	$ 5,565	$ 61,700

At December 31, 2011	Level 1	Level 2	Level 3	Total
Equities	$ 25,665	$ —	$ 1,627	$ 27,292
Fixed income	—	19,721	—	19,721
Real estate	—	—	2,542	2,542
Other	—	920	—	920
	$ 25,665	$ 20,641	$ 4,169	$ 50,475

At December 31, 2010	Level 1	Level 2	Level 3	Total
Equities	$ 30,821	$ —	$ 737	$ 31,558
Fixed income	—	16,706	—	16,706
Real estate	—	—	1,879	1,879
Other	—	1,055	—	1,055
	$ 30,821	$ 17,761	$ 2,616	$ 51,198

Pension Plan assets classified as Level 3 in the fair value hierarchy represent real estate and private equity investments in which the Master Trust investment managers have used significant unobservable inputs in the valuation model. The following table presents the activity for these investments.

(in thousands of US dollars)

	Years Ended December 31, 2012	2011
Balance at the beginning of the year	$ 4,169	$ 2,616
Purchases/capital calls	1,811	1,307
Sales/distributions	(749)	(326)
Unrealized gains	334	572
Balance at the end of the year	$ 5,565	$ 4,169

There were no transfers of plan assets into or out of Level 3 during the years ended December 31, 2012 or 2011.

Net Plan Obligation

As a result of the PBO exceeding the fair value of the plan assets, Sebree has the following related net obligation, which is included in non−current Post retirement benefits in the carve−out balance sheets.

	At December 31, 2012	2011	2010
Projected benefit obligation	$ 82,496	$ 74,665	$ 64,977
Less: Plan assets	61,700	50,475	51,198
Included in:			
Post retirement benefits – non−current	$ 20,796	$ 24,190	$ 13,779

Net Periodic Benefit Cost

The following table presents the components of net periodic benefit cost related to the Pension Plan.

	Years Ended December 31, 2012	2011
Current service cost	$ 1,223	$ 1,017
Interest cost	3,136	3,246
Expected return on assets	(2,999)	(3,335)
Amortization of actuarial losses	2,648	1,611
Net periodic benefit cost	4,008	2,539

Other Benefit Plan

Expected Future Benefit Payments

The following table presents the amounts of expected future benefit payments from the Other Benefit Plan.

	Amounts
For the Years Ending December 31,	
2013	$ 520
2014	304
2015	323
2016	378
2017	447
2018 through 2022, in the aggregate	1,960

Accumulated Benefit Obligation

The following table presents the changes in the accumulated benefit obligation of the Other Benefit Plan.

(in thousands of US dollars)

	Years Ended December 31, 2012	2011
Accumulated benefit obligation at the beginning of the year	$ 5,704	$ 6,799
Current service cost	165	222
Interest cost	229	336
Benefits paid	(1,521)	(1,072)
Experience (gains) losses	611	(286)
Changes in actuarial assumptions	254	(298)
Employee contributions	3	3
Accumulated benefit obligation at the end of the year	$ 5,445	$ 5,704

Net Periodic Benefit Cost

The following table presents the components of net periodic benefit cost related to the Other Benefit Plan.

	Years Ended December 31, 2012	2011
Current service cost	$ 165	$ 222
Interest cost	229	336
Amortization of actuarial losses	66	138
Net periodic benefit cost	$ 460	$ 696

Presentation in Carve−out Balance Sheets

The PBO of the Other Benefit Plan is included in Sebree's carve−out balance sheets as follows.

	At December 31, 2012	2011	2010
Included in Post retirement benefits:			
– current	$ 523	$ 511	$ 1,072
– non−current	4,922	5,193	5,727
	$ 5,445	$ 5,704	$ 6,799

Assumptions used for Post Retirement Benefit Plans

The assumptions used to determine benefit obligations at each year end are shown in the following table.

	Pension Plan			Other Benefit Plan		
At December 31,	2012	2011	2010	2012	2011	2010
Discount rate	4.1%	4.3%	5.3%	3.9%	4.2%	5.3%
Inflation	2.4%	2.2%	2.3%	2.4%	2.2%	2.3%

The assumptions used to determine net period benefit cost for each year are shown in the following table.

	Pension Plan		Other Benefit Plan	
Years Ended December 31,	2012	2011	2012	2011
Discount rate	4.3%	5.3%	4.2%	5.3%
Expected return on plan assets	5.6%	6.6%	N/A	N/A

The discount rate used is the yield on high quality corporate bonds with maturity and terms that match those of the post retirement benefit plan obligations as closely as possible. In estimating the expected return on plan assets, consideration is given primarily to its target allocation, the current yield on long−term bonds in the country where the plan is established, and the historical risk premium of equity or real estate over long−term bond yields. The approach is consistent with the principle that assets with higher risk provide a greater return over the long−term.

(in thousands of US dollars)

The assumed medical and drug cost trends used for measurement purposes are 7.5% and 6.5%, respectively, for 2013, decreasing gradually to 5.0% for each by 2020 and remaining at that level thereafter. A one percentage point change in assumed healthcare cost trend rates would have the following effects in respect of the expense associated with the Other Benefit Plan:

	Other Benefit Plan	
	1% Increase	1% Decrease
Sensitivity analysis:		
Effect on current service and interest costs	4	(4)
Effect on accumulated benefit obligation	54	(57)

Information Related to Accumulated Other Comprehensive Loss
Post retirement benefit actuarial losses recognized in the ending balance of Accumulated other comprehensive loss consist of:

	At December 31,		
	2012	2011	2010
Net actuarial losses:			
Pension Plan	$ 25,478	$ 26,479	$ 16,113
Other Benefit Plan	1,458	659	1,381
Net actuarial losses	26,936	27,138	17,494
Less: income tax effect	(10,478)	(10,557)	(6,805)
Net actuarial losses after tax	$ 16,458	$ 16,581	$ 10,689

Sebree estimates that approximately $2,548 and $146 related to the amounts shown at December 31, 2012 in the table above for Pension Plan and Other Benefit Plan obligations, respectively, will be amortized into net periodic benefit cost from Accumulated other comprehensive loss during the year ending December 31, 2013.

(in thousands of US dollars)

10. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial Risk Management

Sebree's policies with regard to financial risk management are determined and governed by its Owner. The Owner's financial risk management policies are clearly defined and consistently applied and are a fundamental part of the Owner's long−term strategy. As it relates to Sebree's operations, such policies cover areas such as commodity price risk, credit risk, and liquidity risk and capital management.

Commodity Price Risk

Sebree's financial performance is influenced by fluctuations in the price of aluminum, energy and other raw materials and therefore, Sebree has significant exposure to commodity prices. Sebree's normal policy is to sell its products at prevailing market prices and participate in the Owner's derivative financial instruments program related to risk management. None of the Owner's financial assets or liabilities is allocated to Sebree. As the derivative financial instruments program is managed by the Owner, Sebree is not a counterparty to any contract and as a result, it is not practical to allocate any exposure or perform a sensitivity analysis for Sebree.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Sebree sells all of its finished products through a sales office also owned and operated by the Owner. A portion of the sales office's activities is included in Sebree's results of operations. As a result, Sebree is exposed to credit risks associated with the collection of trade receivables by the sales office. See Note 1 – Business and Summary of Significant Accounting Policies – Revenue Recognition and Sales Office Operations; and Allowance for Doubtful Accounts and Bad Debt Expense.

Customer credit risk is managed through the Owner's established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal or external rating criteria. Where customers are rated by an independent credit rating agency, these ratings are used to establish credit limits. In circumstances where no independent credit rating exists, the credit quality of the customer is assessed based on an extensive credit rating scorecard. Customer receivables are regularly monitored and any credit concerns highlighted to senior management. High risk shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

Liquidity Risk and Capital Management

Sebree's liquidity and risk management strategies are managed by its Owner. Liquidity needs and surpluses of Sebree are managed through cash transfers from or to the Owner. These cash transfers are included in Owner's net investment. Sebree has no borrowing facilities with third parties or the Owner, and relies solely on the Owner for its ongoing cash funding requirements in excess of its own ability to generate cash.

Financial Instruments

Sebree has no financial instruments other than cash, restricted cash, trade receivables, trade payables and accrued liabilities and other payables. The carrying values of these financial instruments in the carve−out balance sheets approximate their fair values due to their nature and/or short maturities.

(in thousands of US dollars)

11. RELATED PARTY TRANSACTIONS

For all related party sales and purchases of goods and services, terms and prices are established under transfer pricing agreements between Sebree and the Owner. These related party transactions occur in the normal course of operations and are recorded at their exchange amounts.

The following table describes the nature and amounts of related party transactions included in Sebree's carve−out statements of operations.

	Notes	Years Ended December 31, 2012	2011
Purchases of inventories(A)		$ 139,374	$ 147,102
Cost of sales and operating expenses			
Net losses on derivative financial instruments allocated by the Owner (B)	1	44	2,368
Settlement of take−or−pay purchase contract allocated by the Owner	1	1,583	
		$ 1,627	$ 2,368
Selling and administrative expenses			
General corporate expenses allocated by the Owner	1	5,691	8,215
Research and development expenses	1	2,751	2,235
Other expenses (income) – net			
Other – net	2	15	(29)

(A) Purchases of inventories (raw materials) from the Owner are included in both Cost of sales and operating expenses and Inventories.
(B) Consists of both realized and unrealized gains and losses on derivative financial instruments.

The following table describes the nature and year−end balances of related party amounts included in Sebree's carve out balance sheets.

	At December 31, 2012	2011	2010
Trade receivables	$ 23	$ —	$ 101
Trade payables(A)	6,344	11,660	6,999

(A) Trade payables due to the Owner arise from the purchase of raw materials from the Owner and research and development expenses directly charged by the Owner.

(in thousands of US dollars)

12. COMMITMENTS AND CONTINGENCIES

Commitments

Commitments for Energy Purchases – Power Purchase Contract

From 1998 through 2009, Sebree (through Alcan and subsequently Rio Tinto) and Century's aluminum smelter located in Hawesville, Kentucky were under the same contract to purchase approximately two−thirds of each of their electricity requirements from a power company. The contract included favorable pricing for Sebree and was scheduled to expire on December 31, 2011. Sebree sourced the remainder of its electricity needs from the market under short−term contracts. During July 2009, Rio Tinto and Century both agreed with the power company's request to terminate the existing contract and enter into a new, long term, cost−plus contract to purchase all of their electricity requirements through 2023.

In consideration for Rio Tinto's agreement to terminate the existing contract and enter into a new one, we received both cash and cash deposited for us in escrow accounts under our name and control. The amounts deposited in escrow accounts were initially recorded as Restricted cash with a corresponding liability for Deferred supplier incentives in our carve−out balance sheets. Amounts recorded as Restricted cash were released from escrow on a scheduled basis and the last of the restricted cash was fully released during October 2012.

The Restricted cash and Deferred supplier incentives at December 31, 2011 and 2010 represent the balances remaining under the terms of this agreement on those dates.

The following table summarizes the amounts included in our carve−out statements of operations related to these arrangements.

	Years Ended December 31, 2012	2011
Cost of sales and operating expenses (as a reduction of energy costs)	$ (9,985)	$ (29,970)

At December 31, 2012, the future commitment for electricity under the power purchase contract is $74,802 for the year ending December 31, 2013 representing a one−year early termination notification period under the contract.

On January 31, 2013, Sebree gave notice of early termination of its new power purchase contract. See Note 13 – Subsequent Events.

Commitments for Capital Expenditures

Sebree enters into contracts to acquire capital assets in the normal course of operations. At December 31, 2012, we had commitments for capital expenditures totaling $2,293 during the year ending December 31, 2013.

Commitments under Operating Leases

Sebree leases certain buildings and machinery and equipment under various operating lease agreements. Total operating lease expense was as follows:

	Years Ended December 31, 2012	2011
Total operating lease expense	$ 597	$ 442

(in thousands of US dollars)

At December 31, 2012, Sebree's future minimum payments under non−cancellable operating leases are as follows:

For the Year Ending December 31,	Amounts
2013	$ 48
2014	48
2015	48
2016	23
2017	3
	$ 170

Contingencies

From time to time, various lawsuits, claims and proceedings have been or may be instituted or asserted against the Owner as a result of Sebree's operations, including those pertaining to environmental or commercial matters, product quality and taxes. While the amounts claimed may be substantial, the ultimate liability cannot always be immediately determined because of considerable uncertainties that may exist. Therefore, it is possible that results of operations or liquidity in a particular future period could be materially affected by the resolution of certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are pending or asserted will not have a material adverse effect on Sebree's financial position or liquidity. Sebree provides for accruals in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated.

Although there is a possibility that liabilities may arise in other instances for which no accruals have been made, management does not believe that any losses in excess of accrued amounts would be sufficient to significantly impair Sebree's operations, have a material adverse effect on Sebree's financial position or liquidity, or materially and adversely affect Sebree's results of operations for any particular reporting period, in the absence of unusual circumstances.

13. SUBSEQUENT EVENTS

Termination of Power Purchase Contract

On January 31, 2013, Sebree gave notice of early termination of its power purchase contract (see Note 12 – Commitments and Contingencies – Commitments for Energy Purchases – Power Purchase Contract). Under the terms of the contract, such termination will be effective 12 months from the date of the notification. The effects of terminating the contract had no immediate impact on Sebree's operations or financial position.

Sale of Sebree

On April 28, 2013, Rio Tinto signed an agreement to sell Sebree to Century for a total base sales price of $65 million in cash subject to post closing working capital and other adjustments and regulatory approval. As a result of Century's final offer for Sebree being lower than its original unsolicited bid, an additional impairment assessment is being performed during 2013.

31 October 2012

Report of Independent Auditors

To the Directors of Rio Tinto Alcan Inc.

We have audited the accompanying carve−out balance sheets of Sebree, a component of the Rio Tinto Group as described in Note 1, as of 31 December 2011, 2010, 2009 and 2008, and the related carve−out statements of operations, comprehensive income (loss), changes in invested equity and cash flows for the three−year period ended 31 December 2011. These financial statements are the responsibility of the Rio Tinto Alcan Inc. management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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, the carve−out financial statements referred to above present fairly, in all material respects, the financial position of the Sebree component at 31 December 2011, 2010, 2009 and 2008, and the results of its operations and its cash flows for the three−year period ended 31 December 2011 in conformity with accounting principles generally accepted in the United States of America.

Without qualifying our opinion, we draw attention to the fact that, as described in Note 1, the Sebree component has not operated as a separate entity. These carve−out financial statements are, therefore, not necessarily indicative of results that would have occurred if the Sebree component had been a separate stand−alone entity during the years presented or of the future results of the Sebree component.

/s/ PricewaterhouseCoopers LLP[1]

[1]CPA auditor, CA, public accountancy permit No. A113048

RIO TINTO
SEBREE
DECEMBER 31, 2011

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RIO TINTO
SEBREE

CARVE−OUT STATEMENTS OF OPERATIONS

(in thousands of US dollars)	Notes	Years Ended December 31, 2011	2010	2009
Sales and operating revenues				
– third parties		$ 528,272	$ 467,057	$ 375,078
– related parties	11	–	–	175
		528,272	467,057	375,253
Costs and expenses				
Cost of sales and operating expenses, excluding depreciation and amortization and accretion expense shown below:		420,562	367,745	343,377
Depreciation and amortization	6	29,423	29,024	26,811
Accretion expense	8	3,520	3,208	3,336
Selling and administrative expenses				
third parties		5,158	3,141	4,150
related parties	11	8,215	7,936	7,023
Research and development expenses – related parties	11	2,235	2,436	2,106
Other expenses (income) – net				
– third parties	2	4,124	(313)	1,125
– related parties	2, 11	(29)	(44)	
		473,208	413,133	387,928
Income (loss) before income taxes		55,064	53,924	(12,675)
Income tax expense (benefit)	3	22,643	21,631	(4,789)
Net income (loss)		$ 32,421	$ 32,293	$ (7,886)

The accompanying notes are an integral part of the carve−out financial statements.

RIO TINTO
SEBREE

CARVE−OUT STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of US dollars)	Notes	Years Ended December 31, 2011	2010	2009
Net income (loss)		$ 32,421	$ 32,293	$ (7,886)
Other comprehensive income (loss):				
Actuarial gains (losses) on post retirement benefit plans – net of tax of $3,752, $1,252 and $(1,165), respectively	9	(5,892)	(1,968)	1,832
Other comprehensive income (loss) – net of tax		(5,892)	(1,968)	1,832
Total comprehensive income (loss)		$ 26,529	$ 30,325	$ (6,054)

The accompanying notes are an integral part of the carve−out financial statements.

RIO TINTO
SEBREE

CARVE−OUT BALANCE SHEETS

(in thousands of US dollars)	Notes	At December 31, 2011	2010	2009	2008
ASSETS					
Current assets					
Cash and cash equivalents		$ 130	$ 151	$ 72	$ 116
Restricted cash	4, 12	15,969	15,080	18,466	–
Trade receivables – net of allowance for doubtful accounts of nil at 2011, ($139) at 2010 and 2009, and nil at 2008					
– third parties		1,250	713	1,001	912
– related parties	11		101	62	8
Inventories	5	80,168	66,104	54,431	58,014
Prepaid expenses and other current assets		266	552	688	1,277
Deferred income tax assets	3	2,070	9,933	8,051	9,087
Total current assets		99,853	92,634	82,771	69,414
Non−current assets					
Restricted cash	4, 12	–	11,037	24,731	–
Property, plant and equipment – net	6	310,479	300,597	322,145	332,501
Other assets		238	253	397	416
Total assets		$ 410,570	$ 404,521	$ 430,044	$ 402,331
LIABILITIES AND INVESTED EQUITY					
Current liabilities					
Trade payables					
– third parties		$ 4,803	$ 4,316	$ 3,544	$ 7,548
– related parties	11	11,660	6,999	8,766	14,302
Accrued liabilities and other payables	7	27,462	24,830	25,726	27,013
Deferred supplier incentives	12	9,985	30,521	31,365	–
Asset retirement obligations	8	2,209	1,623	2,409	2,087
Post retirement benefits	9	511	1,072	817	287
Total current liabilities		56,630	69,361	72,627	51,237
Non−current liabilities					
Deferred supplier incentives	12	–	5,184	35,145	–
Asset retirement obligations	8	70,636	66,615	66,025	63,760
Post retirement benefits	9	29,383	19,506	21,203	21,257
Deferred income tax liabilities	3	47,083	61,466	59,686	70,366
Total liabilities		203,732	222,132	254,686	206,620
Commitments and contingencies	12				
Invested equity					
Owner's net investment		223,419	193,078	184,079	206,264
Accumulated other comprehensive income (loss)		(16,581)	(10,689)	(8,721)	(10,553)
Total invested equity		206,838	182,389	175,358	195,711
Total liabilities and invested equity		$ 410,570	$ 404,521	$ 430,044	$ 402,331

The accompanying notes are an integral part of the carve−out financial statements.

RIO TINTO
SEBREE

CARVE−OUT STATEMENTS OF CASH FLOWS

(in thousands of US dollars)	Years Ended December 31, 2011	2010	2009
OPERATING ACTIVITIES			
Net income (loss)	$ 32,421	$ 32,293	$ (7,886)
Adjustments to determine net cash provided by (used in) operating activities:			
Depreciation and amortization	29,423	29,024	26,811
Accretion expense	3,520	3,208	3,336
Amortization of deferred supplier incentives	(29,970)	(30,805)	(14,229)
General corporate expenses allocated by the Owner	8,215	7,936	7,023
Net (gains) losses on derivative financial instruments allocated by the Owner	2,368	(3,696)	76
Bad debt expense (recoveries) net	689	(816)	812
Retirement and write−off of property, plant and equipment	3,328	1,107	772
Changes in:			
Trade receivables			
– third parties	(1,226)	1,104	(901)
– related parties	101	(39)	(54)
Inventories	(14,064)	(11,673)	3,583
Prepaid expenses and other current assets	286	136	589
Trade payables			
– third parties	487	772	(4,004)
– related parties	4,661	(1,767)	(5,536)
Accrued liabilities and other payables	2,544	228	1,167
Net change in deferred income tax assets and liabilities	(6,520)	(102)	(9,644)
Net change in other assets	15	144	19
Net change in post retirement benefits	3,424	(3,410)	2,308
Receipt of deferred supplier incentives	4,250	–	80,739
Settlement of liabilities related to asset retirement obligations	(1,713)	(2,297)	(1,726)
Net cash provided by (used in) operating activities	42,239	21,347	83,255
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(39,745)	(10,814)	(18,704)
Escrow of restricted cash	(4,250)		(46,772)
Release of restricted cash	14,398	17,080	3,575
Net cash provided by (used in) investing activities	(29,597)	6,266	(61,901)
FINANCING ACTIVITIES			
Net cash transfers (to) from the Owner	(12,663)	(27,534)	(21,398)
Net cash provided by (used in) financing activities	(12,663)	(27,533)	(21,398)
Net increase (decrease) in cash and cash equivalents	(21)	79	(44)
Cash and cash equivalents – beginning of year	151	72	116
Cash and cash equivalents – end of year	$ 130	$ 151	$ 72
Supplemental disclosure of non−cash investing information:			
Net changes to property, plant and equipment due to changes in asset retirement obligations	$ 2,800	$ (1,107)	$ 977

The accompanying notes are an integral part of the carve−out financial statements.

RIO TINTO
SEBREE

CARVE−OUT STATEMENTS OF CHANGES IN INVESTED EQUITY

(in thousands of US dollars)	Owner's Net Investment	Accumulated Other Comprehensive Income (Loss)	Total Invested Equity
Balance at December 31, 2008	$ 206,264	$ (10,553)	$ 195,711
Net income (loss) – Year ended December 31, 2009	(7,886)		(7,886)
Other comprehensive income (loss):			
Actuarial gains (losses) on post retirement benefit plans – net of tax of $(1,165)		1,832	1,832
Net transfers (to) from the Owner	(14,299)		(14,299)
Balance at December 31, 2009	184,079	(8,721)	175,358
Net income (loss) – Year ended December 31, 2010	32,293		32,293
Other comprehensive income (loss):			
Actuarial gains (losses) on post retirement benefit plans – net of tax of $1,252		(1,968)	(1,968)
Net transfers (to) from the Owner	(23,294)		(23,294)
Balance at December 31, 2010	193,078	(10,689)	182,389
Net income (loss) – Year ended December 31, 2011	32,421		32,421
Other comprehensive income (loss):			
Actuarial gains (losses) on post retirement benefit plans – net of tax of $3,752		(5,892)	(5,892)
Net transfers (to) from the Owner	(2,080)		(2,080)
Balance at December 31, 2011	$ 223,419	$ (16,581)	$ 206,838

The accompanying notes are an integral part of the carve−out financial statements.

(in thousands of US dollars)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

At December 31, 2011, Sebree was a component of Alcan Primary Products Corporation (“APPC”), a corporation owned by the Rio Tinto Group, which is comprised of Rio Tinto plc and Rio Tinto Limited. References herein to Rio Tinto or the Owner refer to the Rio Tinto Group and, where applicable, one or more of its subsidiaries, affiliates and joint ventures. References herein to “Sebree”, “we”, “our”, or “us” refer to the Sebree entity.

Sebree is an aluminum smelting plant located in Robards, Kentucky, United States, and manufactures and sells a range of aluminum billets and other remelt metal products.

During October 2011, Rio Tinto announced that it intended to streamline its Aluminium Product Group following a strategic review whereby divestment options for the Sebree smelter would be investigated and evaluated. In connection with and preparation for the divestment of Sebree, the accompanying carve−out financial statements have been prepared on the basis described below.

Basis of Presentation

Sebree’s financial statements are presented using accounting principles generally accepted in the United States of America (“GAAP”) on a carve−out accounting basis. Sebree’s functional and reporting currency is the United States (“US”) dollar.

The carve−out balance sheets at December 31, 2011, 2010, 2009 and 2008 and the related carve−out statements of operations, comprehensive income (loss), cash flows and changes in invested equity for the years ended December 31, 2011, 2010 and 2009 have been derived from the accounting records of Rio Tinto using the historical results of operations and historical bases of assets and liabilities of Sebree, including the effects of push down accounting from the Rio Tinto acquisition of Alcan Inc. (“Alcan”) during 2007.

Management believes the assumptions underlying the carve−out financial statements are reasonable, including the allocations described below under the caption Allocations from the Owner. However, the carve−out financial statements included herein may not necessarily represent what Sebree’s results of operations, financial position and cash flows would have been had it been a stand−alone entity during the years presented, or what Sebree’s results of operations, financial position and cash flows may be in the future.

As these carve−out financial statements represent a business of the Owner which is not a separate legal entity, the net assets of Sebree have been presented herein as Owner’s net investment, a component of Invested equity. Invested equity is comprised primarily of: (i) the initial investment to acquire and establish the net assets of Sebree (and any subsequent adjustments thereto); (ii) the accumulated net income and other comprehensive income (losses) of Sebree; (iii) net transfers to or from the Owner related to cash management functions performed by the Owner, such as the collection of trade receivables and the payment of trade payables and wages and salaries; (iv) certain corporate cost allocations; (v) allocated gains and losses on derivative financial instruments; and (vi) changes in certain income tax liabilities and assets.

Related Parties

Balances and transactions between Sebree and the Owner have been identified as related party balances and transactions in the accompanying carve−out financial statements.

Cash Management and Funding

The Owner performs substantially all cash management and treasury functions for Sebree. None of the Owner’s cash and cash equivalents has been allocated to Sebree in the carve−out financial statements.

Substantially all of Sebree’s operations are funded directly by the Owner, including, but not limited to, purchases of inventory, operating expenses and capital expenditures. Sebree records this activity in its carve−out financial statements and, in lieu of recording trade payables to its Owner, records a corresponding credit to Owner’s net investment. As discussed in the section below entitled Summary of Significant Accounting Policies – Revenue Recognition and Sales Office Operations, Sebree sells substantially all of its finished products through a sales office of the Owner and, in lieu of recording trade receivables from the sales office (and subsequently cash−settling such balances), records a corresponding charge against Owner’s net investment for the invoiced amounts.

(in thousands of US dollars)

Allocations from the Owner
In addition to the carve−out of the operations and the net assets of Sebree, the accompanying carve−out financial statements of Sebree also include: (i) allocations of certain of the Owner’s general corporate expenses; and (ii) allocated gains and losses on derivative financial instruments, with corresponding offsetting amounts included in Owner’s net investment as non−cash transfers.

The expenses and gains and losses allocated are not necessarily indicative of the amounts that would have been incurred had Sebree performed these functions as a stand−alone entity, nor are they indicative of expenses that will be charged or incurred in the future. It is not practical to estimate the amount of expenses and gains and losses that Sebree would have incurred for the years presented had it not been an affiliated entity of the Owner in each of those years. Allocated items are described below.

General Corporate Expenses
The Owner allocates certain of its general corporate expenses to Sebree, comprised of costs incurred in the: (i) finance; (ii) human resources; (iii) legal; (iv) information systems and technology; (v) health, safety and environmental; (vi) corporate; and (vii) external affairs functions of the Owner, as well as a portion of the Owner’s executive office costs. The allocated expenses are mainly comprised of salaries, including variable compensation and other direct costs of the various functions. The allocation to Sebree is based on Sebree’s proportional share of the Owner’s total average headcount and total assets.

General corporate expense allocations are included in Selling and administrative expenses – related parties in Sebree’s carve−out statements of operations and are summarized in the following table.

	Years Ended December 31,		
	2011	2010	2009
General corporate expenses allocated by the Owner	$ 8,215	$ 7,936	$ 7,023

Derivative Financial Instruments
Sebree participates in the Owner’s derivative financial instruments program related to risk management. In conducting its business, the Owner uses various derivative financial instruments to manage aluminum price risk. Sebree does not directly enter into any derivative financial instruments. Although the derivative financial instruments are intended to act as economic hedges, none of the derivative financial instruments used is designated for hedge accounting.

Realized and unrealized gains and losses incurred at the Owner level are allocated to Sebree on a proportional basis appropriately under the basis of carve−out accounting principles. None of the Owner’s financial assets or liabilities related to derivative financial instruments is allocated to Sebree.

Allocated net (gains) losses on derivative financial instruments are included in Costs of sales and operating expenses in Sebree’s carve−out statements of operations and are summarized in the following table.

	Years Ended December 31,		
	2011	2010	2009
Net (gains) losses on derivative financial instruments allocated by the Owner	$ 2,368	$ (3,696)	$ 76

Income Taxes
Income taxes are calculated as if Sebree had been a separate tax−paying legal entity, filing separate tax returns in its local tax jurisdictions. All of the income tax amounts currently payable or receivable by Sebree are included in Owner’s net investment, because the net taxes payable (or receivable) for the taxes due (or refundable) as well as the actual payments (or refunds) of income taxes are recorded in the financial statements of the Owner’s other entity that files the consolidated tax returns. As a result of this structure, all of the changes in current income tax accounts are included in net cash transfers (to) from the Owner in the accompanying carve−out financial statements.

Interest Expense
The Owner incurs third party debt and provides financing to Sebree through Owner’s net investment. The Owner does not allocate any interest expense to Sebree.

(in thousands of US dollars)

Summary of Significant Accounting Policies

Revenue Recognition and Sales Office Operations

Sebree operates under a defacto offtake agreement whereby all of its finished goods are sold through a sales office, which is a separately managed entity within APPC (the legal entity of which Sebree is a component). The sales office services Sebree and other North American smelters owned by Rio Tinto. The sales office directs Sebree (and the other smelters) to ship finished goods either directly to third party customers or to warehousing facilities managed by the sales office. These shipments generally take place within two to three weeks of the completion of the finished goods.

In the normal course of business, the sales office occasionally agrees to deliver product to competitors' customers located near Sebree in exchange for similar deliveries to Sebree's customers from its competitors, in order to take advantage of geographical logistics to minimize transportation and storage costs. These arrangements are made under normal commercial terms for convenience, and are not entered into under terms of formal swaps, exchanges, barters or similar agreements.

The sales office manages all aspects of third party customer interface activities, including sales and marketing, customer development and relations, establishing credit limits and terms, negotiating selling prices, processing and fulfilling sales orders, arranging for shipping and delivery, invoicing and collecting trade receivables, resolving disputes, arranging for sales returns or price adjustments and issuing credit memos.

Sebree records revenue at the direction of the sales office. However, Sebree does not record trade receivables due from the sales office, nor does Sebree record a portion of the sales office's associated trade receivables from third party customers. Rather, Sebree charges the receivables relating to the revenues against Owner's net investment, as there is no specific cash payment made to Sebree by the sales office, the Owner or any third party customers. See the section above in this note entitled Business – Cash Management and Funding. As a result of this arrangement, Sebree has only nominal amounts of trade receivables on its carve−out balance sheets, which arise as a result of miscellaneous scrap and other sundry sales made directly by Sebree.

For the purposes of preparing and presenting the carve−out statements of operations of the Sebree business as it has been historically managed by the Owner, all revenues are considered earned from third parties, but only to the extent that the title to finished goods has transferred to third party customers, and the finished goods are no longer in the sales office's inventories. Inventories determined to be held by the sales office in warehouses at each year end and to have originated from Sebree are included in Sebree's carve−out balance sheets within Inventories.

Revenue is only recognized on individual sales when all of the following criteria are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the sales office; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Additionally, the terms of the sale arrangement between Sebree and the sales office provide for specific pricing between the associated entities, and the sales office recognizes an additional margin or loss on its through−sales to third party customers. For the purposes of preparing and presenting the carve−out statements of operations of the Sebree business as it has been historically managed by the Owner, a proportional share of the sales office's margin or loss has been attributed to Sebree and is included in its results of operations.

Finally, Sebree's operating results in these carve−out financial statements include its proportional share of the sales office's operating expenses, including any write−downs or charges associated with reserves related to inventory valuations, bad debt expenses (or recoveries) related to trade receivables, selling and administrative expenses, and other items of income or expense, as appropriate.

(in thousands of US dollars)

Cost of Sales and Operating Expenses
Cost of sales and operating expenses are primarily comprised of direct materials and supplies consumed in the smelting and manufacturing processes, as well as manufacturing labor and direct and indirect overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of sales and operating expenses also include (i) shipping and handling costs; and (ii) realized and unrealized gains and losses related to derivative financial instruments allocated by the Owner.

Selling and Administrative Expenses
Selling and administrative expenses are primarily comprised of marketing, selling, administrative and other indirect overhead costs. Such costs are incurred directly by Sebree or are allocated to Sebree by the Owner. See the section above in this note entitled Business Allocations from the Owner – General Corporate Expenses.

Research and Development Expenses
Sebree does not directly conduct any research and development activities. The Owner charges Sebree directly for its deemed share of the Owner's research and development expenses, and these direct charges are recognized as expenses in Sebree's carve−out statements of operations as incurred.

Inventories
Inventories are stated at the lower of cost (primarily on a weighted average cost basis) or market, which approximates net realizable value ("NRV"). NRV is the amount estimated to be obtained from the sale of inventories in the normal course of business, less the estimated costs of completion and the estimated costs necessary to consummate the sale. Weighted average costs are calculated by reference to the cost levels experienced in the current period together with those in opening inventory. Cost for each of raw materials, purchased components and consumable stores is their purchase price. Cost for each of work in progress and finished goods is their cost of production, which includes: (i) labor costs; (ii) raw materials; (iii) depreciation; (iv) other expenses which are directly attributable to the production process; and (v) indirect production overhead costs. Adjustments to inventory values between cost and NRV are included in Cost of sales and operating expenses.

Property, Plant and Equipment
Property, plant and equipment are recorded at cost, which is comprised of the asset's purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and any related estimated close down and restoration costs. Additions, improvements and major renewals are capitalized. Maintenance and repair costs are expensed as incurred within Cost of sales and operating expenses.

Costs associated with commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalized into construction work in progress ("CWIP"). Upon completion and placement into service, such assets are transferred from CWIP to the appropriate class of property, plant and equipment, at which time depreciation commences.

Depreciation and amortization are calculated on the straight−line method based on the estimated useful lives of the respective assets, which are reviewed annually. Land is not depreciated. Property rights are amortized over the contract terms on a straight−line basis. The estimated useful lives used by Sebree range from 10 to 40 years for buildings and from 5 to 40 years for machinery and equipment.

Gains and losses from the disposals of property, plant and equipment (including the write−off of damaged and obsolete items) are included in Other expenses (income) – net.

Asset Retirement Costs and Obligations
Costs for legal obligations associated with the retirement of a tangible long−lived asset that result from its acquisition, construction, development or normal operation are recognized as liabilities at their fair values (discounted to their present value using an estimate of the Owner's credit−adjusted risk−free rate) when initially incurred. A corresponding asset retirement amount is added to the carrying value of the related asset.

These liabilities constitute: (i) environmental remediation costs resulting from normal operations, associated with the disposal of certain of the spent potlining material generated at the facility; and (ii) estimated close−down costs of the facility following a future cessation of operations. These costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

(in thousands of US dollars)

Increases in the asset retirement obligation liability due to the passage of time are recorded as Accretion expense in the carve−out statements of operations. The related incremental asset retirement amount is depreciated over the remaining useful life of the related asset.

Liabilities are adjusted for accretion costs. Any revisions due to changes in the estimated timing or future cash flows of the estimated expenditure are reflected as an adjustment to the liability and the corresponding asset. Actual expenditures incurred are charged against the accumulated obligation as they are paid.

Impairment of Long−Lived Assets

Long−lived assets and asset groups are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of a long−lived asset may not be recoverable. Any impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. Such evaluations for impairment are significantly affected by estimates of future prices and demand for Sebree's products, expected future operating expenses, capital expenditure investment requirements, economic trends in the market and other factors.

Determinations of market values (quotes, bids, proposals, etc.) are used whenever available to estimate fair value. When market values are unavailable, the fair value of a long−lived asset or asset group is generally based on estimates of future discounted net cash flows. Assets to be disposed of by sale are held at the lower of their carrying amount or fair value less estimated costs to sell and are not depreciated while classified as held−for−sale.

Legal Claims

Accruals for legal claims are made when it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated.

Environmental Costs and Liabilities

Environmental costs are expensed or capitalized, as appropriate, and the liability recorded based on the net present value of estimated future costs. Environmental expenditures of a capital nature that extend the life, increase the capacity or improve the safety of an asset or that mitigate or prevent environmental contamination that may occur are capitalized into Property, plant and equipment and are depreciated over the remaining useful life of the underlying asset. Environmental expenditures relating to existing conditions deemed to have been caused by past operations, and which do not contribute to future revenues, are expensed when both probable and estimable and are included in Cost of sales and operating expenses. Recoveries relating to environmental liabilities are recorded when received or when changes in circumstances warrant revisions to estimates.

Post Retirement Benefits

Sebree's post retirement benefits obligations are specific to its participation in a funded defined benefit pension plan and an unfunded healthcare plan for unionized employees covered under a collective bargaining agreement in the US. The defined benefit pension and healthcare benefit plans are accounted for in accordance with Accounting Standards Codification ("ASC" or "the Codification") Topic 715, Compensation – Retirement Benefits. Post retirement benefits obligations are actuarially calculated using management's best estimates and are based on expected service period, retirement dates and retirement ages of employees. Post retirement benefits expense includes the actuarially computed cost of benefits earned during the current service period, the interest cost on accrued obligations, the expected return on plan assets based on fair market value and the straight−line amortization of net actuarial gains and losses and adjustments due to plan amendments. All net actuarial gains and losses are amortized over the expected average remaining service lives of the employees. All net periodic benefit costs associated with these defined benefit pension and healthcare benefits plans are included in Cost of sales and operating expenses in the carve−out statements of operations.

Non−unionized employees of Sebree or their beneficiaries are entitled to receive benefits upon retirement, disability or death in connection with their participation in the Alcancorp Pension Plan and the Rio Tinto US Benefits Plan. Participation in these plans is offered to employees at various entities within Rio Tinto. Jointly, these Owner sponsored plans offer defined pension and healthcare benefits. Sebree's participation in Owner−sponsored plans is accounted for in accordance with ASC Subtopic 715−80, Multiemployer Plans. Sebree recognizes an expense equal to its annual contributions for which it is liable as a result of its participation in these plans. The contributions are included in Cost of sales and operating expenses in the carve−out statements of operations in the period in which the liability is incurred. The Owner, as the sponsoring legal entity and ultimate risk bearer of these plans, includes the relevant financial disclosures for these defined benefit plans in its consolidated financial statements.

(in thousands of US dollars)

Income Taxes

See the section above in this note entitled Business – Income Taxes. Sebree uses the asset and liability approach for accounting for income taxes. Under this approach, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This approach also requires the recognition of deferred tax assets for operating loss carryforwards and tax credit carryforwards.

The effect on deferred tax assets and liabilities of a change in tax rates and laws is recognized in income in the period that includes the enactment date. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the deferred tax liabilities or assets are expected to be recovered or settled. Sebree records a valuation allowance on deferred tax assets when it is not more likely than not that the assets will be realized, based upon judgments in assessing the potential for future recoverability and considering past experience. The process of determining whether it is more likely than not that deferred assets will be realized includes making assessments of expectations of future taxable income. All available evidence is considered in determining the amount of a valuation allowance.

Sebree is subject to federal and state income taxes in the United States. Sebree is included within a Rio Tinto legal entity whose taxable results are included in consolidated tax returns of the Owner. For purposes of these carve−out financial statements, income taxes are calculated as if Sebree had been a separate tax−paying legal entity, filing separate tax returns in its local tax jurisdictions. As a result of using the separate return method, the resulting income tax attributes reflected in these carve−out financial statements may not reflect the historical or going forward position of income tax balances, especially those related to tax loss carryforwards. The application of a tax allocation method requires significant judgment and making certain assumptions, mainly related to opening balances, applicable income tax rates, valuation allowances and other considerations. All of the income tax amounts currently payable or receivable by Sebree are included in Owner’s net investment because the net taxes payable (or receivable) for the taxes due (or refundable) as well as the actual payments (or refunds) of income taxes are recorded in the financial statements of the Owner’s other entity that files the consolidated tax returns.

Accrued interest and penalties related to unrecognized tax benefits are recognized as part of the income tax provision.

Operating Segment and Geographic Area Information

Sebree operates as a single business with all of its trading activity in the United States. Accordingly, all of Sebree’s results of operations and net assets represent those of a single operating segment.

Cash and Cash Equivalents

Cash and cash equivalents includes balances maintained in local bank accounts, imprest accounts and petty cash on hand, and the carrying values of such balances approximate their fair value.

Restricted Cash

Cash held in escrow accounts established in our name and over which we have beneficial ownership, but for which the disbursement of such funds is subject to limitations as to when they are accessible for use, are included on our carve−out balance sheets as Restricted cash.

Allowance for Doubtful Accounts and Bad Debt Expense

Due to the nature of Sebree’s sales operations through the sales office as described above, the only trade receivables Sebree carries from third parties are attributable to miscellaneous scrap and other sundry sales made directly by Sebree. The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the trade receivables balance related to the accounts related to these sales. Management determines the allowance based on known doubtful accounts, historical experience and other currently available evidence. As described above, Sebree’s results of operations include its proportional share of bad debt expenses (or recoveries) related to the sales office’s trade receivables balances due from third party customers.

(in thousands of US dollars)

Financial instruments

(i) Financial assets

Sebree classifies its financial assets in the following categories: at fair value through profit or loss or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. The relevant accounting policies are as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the carve−out statements of operations. Generally, Sebree does not acquire financial assets for the purpose of selling in the short term; and

(b) Loans and receivables

Loans and receivables comprise non−derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are included in this category. Loans and receivables are classified based on their maturity date and are carried at amortized cost less any impairment.

(ii) Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognized in the carve−out statements of operations over the period to maturity using the effective interest method.

Financial liabilities are classified as current liabilities unless Sebree has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(iii) Fair value

Fair value is the amount at which a financial instrument could be exchanged in an arm’s length transaction between informed and willing parties. Sebree has determined that the fair values of cash and cash equivalents, restricted cash, trade receivables and trade payables approximate their carrying values, as a result of their short maturity or because they carry variable rates of interest.

Leases

Sebree leases various buildings, machinery and equipment from third parties under operating lease agreements. Under such operating lease agreements, the total lease payments are recognized as rent expense on a straight−line basis over the term of the lease agreement, and are included in Cost of sales and operating expenses or Selling and administrative expenses, depending on the nature of the leased assets.

Contingencies

Disclosure is made of material contingent liabilities unless the possibility of any loss arising is considered remote. Contingencies are disclosed in Note 12 – Commitments and Contingencies.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Areas requiring significant use of estimates include:

Application of carve−out accounting

The preparation of carve−out financial statements requires a comprehensive evaluation and definition of the Sebree entity as it has been historically managed, along with a review of the consistency and appropriateness of Sebree’s accounting policies. Further, detailed analyses of business activities, transaction cycles and streams, intragroup and related party transactions, and the commercial substance of Sebree’s significant activities, transactions and balances are necessary in order to estimate the appropriate amounts of assets, liabilities, revenues, expenses and cash flows to be included in the carve−out financial statements.

(in thousands of US dollars)

Impairment review of asset carrying values
Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year. Certain asset balances, such as trade receivables and inventories, are subject to periodic assessment as to their recovery, and Sebree and the sales office establish valuation allowances and record bad debt expense and recoveries as appropriate. Where the recoverable amount of Sebree as a cash generating unit is assessed by analyses of discounted cash flows, the resulting valuation is particularly sensitive to changes in estimates of long−term prices including the impact of metal pricing, operating costs and discount rates.

Estimation of asset lives
Property, plant and equipment are assigned asset lives based on management's best estimate of their use in production and the asset lives are subject to review periodically. Changes in estimates are accounted for on a prospective basis, affecting depreciation and amortization expense.

Sales office activities
The measurements of the results of operations, cash flows, assets and liabilities of the sales office are subject to review from period to period. Management estimates Sebree's share of the sales office's activity using specific identification and allocation principles and methodologies consistently applied from period to period. Changes in the scope of activities performed by the sales office itself, Sebree and other entities that are serviced by the sales office could have an impact on management's estimates.

Close down, restoration and clean−up obligations
Provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbance is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other operating sites. The expected timing of expenditure can also change, for example in response to changes in production rates or economic conditions. As a result there could be significant adjustments to the provision for close down and restoration, which would affect future financial results.

Adopted Accounting Standards and Guidance

SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plan and amendment of FASB Statements No. 87, 88, 106, and 132(R) (codified into ASC Topic 715 – Compensation – Retirement Benefits)
On September 30, 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plan and amendment of FASB Statements No. 87, 88, 106, and 132(R) which improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit post retirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. By December 31, 2008, we adopted all applicable provisions of SFAS No. 158.

In June 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162, which was codified into ASC Topic 105. This guidance establishes the Codification as the sole source for authoritative GAAP and supersedes all accounting standards in GAAP, aside from those issued by the United States Securities and Exchange Commission ("SEC"). ASC Topic 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. As ASC Topic 105 required disclosure changes only, the adoption of this standard did not have a significant impact on our carve−out financial statements. In accordance with the spirit of the Codification, references herein to previously issued accounting standards also denote the new ASC references, if applicable. Subsequent revisions to GAAP will be incorporated into the ASC through Accounting Standards Updates ("ASU").

FASB Staff Position No. FAS 132 (R)−1 – Employers' Disclosures about Postretirement Benefit Plan Assets (codified into ASC Topic 715 – Compensation – Retirement Benefits)
On December 31, 2009, we adopted FASB Staff Position ("FSP") No. FAS 132 (R)−1, Employers' Disclosures about Postretirement Benefit Plan Assets, which requires that an employer disclose the following information about the fair value of plan assets: (i) how investment allocation decisions are made, including the factors that are pertinent to understanding of investment policies and strategies; (ii) the major categories of plan assets; (iii) the inputs and valuation techniques used to measure the fair value of plan assets; (iv) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period; and (v) significant concentrations of risk within plan assets. The adoption of this standard did not have a significant impact on our carve−out financial statements.

(in thousands of US dollars)

ASU No. 2011−09 – Compensation – Retirement Benefits – Multiemployer Plans (Subtopic 715−80) – Disclosures about an Employer's Participation in a Multiemployer Plan
On December 31, 2011 we adopted FASB ASU No. 2011−09, which requires additional disclosures to enhance transparency regarding an employer's participation in a multiemployer pension plan and a multiemployer other post retirement benefit plan, including the level of the employer's participation in those plans. As a result of the adoption of ASU 2011−09, we have disclosed the additional information required in Note 1 – Business and Summary of Significant Accounting Policies and Note 9 – Post Retirement Benefits.

ASU No. 2011−05 – Comprehensive Income (codified into ASC Topic 220 – Presentation of Comprehensive Income)
In June 2011, the FASB issued ASU No. 2011−05, under which an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutively presented statements. Under either option, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. ASU 2011−05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in ASU 2011−05 do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. For public entities, ASU 2011−05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We early adopted the separate statement presentation of comprehensive income under ASU No. 2011−05, including its retrospective application for all periods presented.

Recently Issued Accounting Standards and Guidance

We have determined that all other recently issued accounting standards and guidance will not have a material impact on our carve−out financial statements or do not apply to our operations.

2. OTHER EXPENSES (INCOME) – NET

Other expenses (income) – net are comprised of the following:

	Notes	Years Ended December 31, 2011	2010	2009
THIRD PARTIES				
Write−off of property, plant and equipment	6	$ 3,328	$ 1,107	$ 772
Bad debt expense (recoveries)[(A)]		689	(816)	812
Other – net		107	(604)	(459)
		$ 4,124	$ (313)	$ 1,125
RELATED PARTIES				
Other – net		$ (29)	$ (44)	$ —

(A) Primarily Sebree's proportional share of bad debt expense (recoveries) from the sales office. See Note 1 – Business and Summary of Significant Accounting Policies – Revenue Recognition and Sales Office Operations.

3. INCOME TAXES

The following table presents the reconciliation of Sebree's income tax expense (benefit) calculated at the effective statutory income tax rate to income tax expense (benefit) as shown in the accompanying carve−out statements of operations.

(in thousands of US dollars)

	Years Ended December 31, 2011	2010	2009
Effective statutory income tax rate	38.9%	38.9%	38.9%
Income (loss) before income taxes	$ 55,064	$ 53,924	$ (12,675)
Income tax expense (benefit) at the effective statutory income tax rate	21,420	20,976	(4,930)
Differences attributable to:			
Non−deductible expenses (non−taxable income) net	(68)	39	26
Statutory tax rate differences on:			
General corporate expenses allocated by the Owner	883	989	774
Net (gains) losses on derivative financial instruments allocated by the Owner	415	(367)	(652)
Other – net	(7)	(6)	(7)
Income tax expense (benefit)	$ 22,643	$ 21,631	$ (4,789)

The following table presents the components of income tax expense (benefit):

	Years Ended December 31, 2011	2010	2009
Current	$ 29,590	$ 24,640	$ 3,935
Deferred	(6,947)	(3,009)	(8,724)
Income tax expense (benefit)	$ 22,643	$ 21,631	$ (4,789)

The items giving rise to Sebree's deferred income taxes assets and liabilities are as follows:

	At December 31, 2011	2010	2009	2008
Assets				
Accounting provisions not currently deductible for tax	$ 1,240	$ 2,888	$ 2,449	$ 8,707
Asset retirement obligations	28,338	26,545	26,622	25,614
Deferred supplier incentives		4,071	9,476	–
Post retirement benefits	11,629	8,005	8,566	8,381
	$ 41,207	$ 41,509	$ 47,113	$ 42,702
Liabilities				
Property, plant and equipment	$ (86,220)	$ (93,042)	$ (98,642)	$ (103,437)
Other		–	(106)	(544)
	(86,220)	(93,042)	(98,748)	(103,981)
Net deferred income tax liabilities	$ (45,013)	$ (51,533)	$ (51,635)	$ (61,279)
As shown in the carve−out balance sheets at year end:				
Deferred income tax assets – current	$ 2,070	$ 9,933	$ 8,051	$ 9,087
Deferred income tax liabilities – non−current	(47,083)	(61,466)	(59,686)	(70,366)
Net deferred income tax liabilities	$ (45,013)	$ (51,533)	$ (51,635)	$ (61,279)

(in thousands of US dollars)

The legal entity in which Sebree is included for consolidated tax purposes is, from time to time, under audit by various taxing authorities and several tax years are open at December 31, 2011. Therefore, it is reasonably possible that the amount of unrecognized tax benefits for tax positions taken regarding previously filed tax returns could significantly increase in the next 12 months. However, based on the status of these examinations and the uncertainty surrounding the outcomes of audits and negotiations, it is not possible at this time to estimate the impact of such changes, if any. At December 31, 2011, 2010, 2009 and 2008, there are no unrecognized tax benefits.

4. RESTRICTED CASH

Restricted cash balances represent the remaining amounts that we received from a power company as incentive for renegotiating our electricity supply contract during 2009. These amounts are carried in an escrow account and released to us on a scheduled basis. The balances are presented as current and non−current assets, depending on the timing of when the funds are expected to be available for our use. See Note 12 – Commitments and Contingencies for further information.

5. INVENTORIES

Inventories are comprised of the following:

	At December 31, 2011	2010	2009	2008
Raw materials and purchased components	$ 39,836	$ 32,494	$ 26,333	$ 27,791
Consumable stores	13,510	12,650	13,109	15,185
Work in progress	8,765	6,128	5,989	7,395
Finished goods	18,057	14,832	9,000	7,643
	$ 80,168	$ 66,104	$ 54,431	$ 58,014

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are comprised of the following:

	At December 31, 2011	2010	2009	2008
Cost (excluding Construction work in progress):				
Land and property rights	$ 17,175	$ 17,175	$ 17,152	$ 17,152
Buildings	128,543	122,102	120,449	119,750
Machinery and equipment	269,429	234,902	216,586	205,350
	415,147	374,179	354,187	342,252
Accumulated depreciation and amortization	(113,473)	(86,284)	(57,920)	(31,373)
	301,674	287,895	296,267	310,879
Construction work in progress	8,805	12,702	25,878	21,622
Property, plant and equipment – net	$ 310,479	$ 300,597	$ 322,145	$ 332,501

Retirements and Write−offs
During the years ended December 31, 2011, 2010 and 2009, we retired and/or wrote off damaged and obsolete machinery and equipment and construction work in progress having aggregate net book values of $3,328, $1,107 and $772, respectively. These charges are included in Other expenses (income) – net in our carve−out statements of operations. See Note 2 – Other Expenses (Income) – Net.

Impairments
We incurred no asset impairment charges related to property, plant and equipment during the years ended December 31, 2011, 2010 or 2009.

(in thousands of US dollars)

7. ACCRUED LIABILITIES AND OTHER PAYABLES

Accrued liabilities and other payables are comprised of the following:

	At December 31, 2011	2010	2009	2008
Accrued electric power expense	$ 12,432	$ 11,280	$ 11,300	$ 9,020
Accrued payroll and employment benefits	7,144	7,158	6,330	9,171
Accrued inventory purchases	4,043	2,539	2,781	3,818
Accrued freight expense	984	959	960	809
Taxes payable other than income	743	691	609	827
Accruals for capital expenditures	323	332	1,305	1,798
Other	1,793	1,871	2,441	1,570
	$ 27,462	$ 24,830	$ 25,726	$ 27,013

8. ASSET RETIREMENT OBLIGATIONS

Sebree’s asset retirement obligations relate to: (i) environmental remediation costs resulting from normal operations, associated with the disposal of certain of the spent potlining material generated at the facility; and (ii) estimated close−down costs of the facility following a future cessation of operations. These costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas and have been discounted to their present value using an estimate of the Owner’s credit−adjusted risk−free rate when incurred.
Asset retirement activity and year end obligations are as follows:

	Years Ended December 31, 2011	2010	2009	2008
Balance at the beginning of the year	$ 68,238	$ 68,434	$ 65,847	
Liabilities incurred	1,430	1,634	1,616	
Liabilities settled	(1,713)	(2,297)	(1,726)	
Accretion expense	3,520	3,208	3,336	
Revisions due to changes in estimated future cash flows	1,370	(2,741)	(639)	
Balance at the end of the year	$ 72,845	$ 68,238	$ 68,434	$ 65,847
As shown in the carve−out balance sheets at year end:				
Current	2,209	1,623	2,409	2,087
Non−current	70,636	66,615	66,025	63,760
	$ 72,845	$ 68,238	$ 68,434	$ 65,847

9. POST RETIREMENT BENEFITS

General Descriptions
Pension Plan
Sebree’s pension obligation relates entirely to its funded defined benefit pension plan for unionized employees covered under a collective bargaining agreement in the US (“Pension Plan”). Upon retirement, these employees are entitled to a monthly pension determined as the product of their years of continuous service and a fixed pension multiplier. The related assets, liabilities and costs of the Pension Plan are included in Sebree’s carve−out financial statements

Other Benefit Plan
Sebree also sponsors an unfunded other post retirement benefit plan, mostly comprised of healthcare benefits for retired unionized employees in the US (“Other Benefit Plan”). The Other Benefit Plan is managed separately and any related liabilities and costs are included in Sebree’s carve−out financial statements.

(in thousands of US dollars)

Defined Contribution Plan

Sebree sponsors an employee savings plan. Sebree's contributions to this plan were $551, $531 and $1,035 for the years ended December 31, 2011, 2010 and 2009, respectively. The decrease in defined contribution plans expense is the result of modifications brought to the unionized employees' collective bargaining agreement whereby contributions to these plans were foregone in lieu of wage increases.

Post Retirement Benefits for Non−Unionized Employees

Certain of Sebree's non−unionized employees participate in pension and healthcare benefit plans that are managed by the Owner ("Post Retirement Benefits for Non−Unionized Employees"). As Sebree is not the sponsor of these plans, none of the plan assets or obligations associated with the Post Retirement Benefits for Non−Unionized Employees are recorded in Sebree's carve−out balance sheets.

However, Sebree is required to make annual contributions which are expensed as incurred and included in Sebree's carve−out statement of operations. Contributions made to the Owner−sponsored pension plan were $1,617, $1,458 and $1,426 and contributions to the Owner−sponsored healthcare benefit plan were $279, $232 and $221 for the years ended December 31, 2011, 2010 and 2009, respectively. Sebree's contributions to the Owner−sponsored pension plan are less than 5% of the total contributions to that plan. Future contributions are not expected to differ significantly.

Pension Plan

Funding policy

Sebree's pension funding policy is to contribute the amount required to provide for contractual benefits attributed to service to date, and to fund the actuarial deficit for the most part over periods of 15 years or less. Sebree expects to contribute $3,742 in the aggregate to the Pension Plan during the year ending December 31, 2012.

Expected future benefit payments

The following table presents the amounts of expected future benefit payments from the Pension Plan at December 31, 2011.

	Amounts
For the Years Ending December 31,	
2012	$ 3,193
2013	3,332
2014	3,539
2015	3,781
2016	4,067
2017 through 2021, in the aggregate	24,716

Projected benefit obligation

The following table presents the changes in the projected benefit obligation ("PBO") of Sebree's Pension Plan.

	Years Ended December 31,		
	2011	2010	2009
Projected benefit obligation at the beginning of the year	$ 64,977	$ 56,761	$ 52,416
Current service cost	1,017	981	896
Interest cost	3,246	3,258	3,193
Benefits paid	(3,258)	(2,866)	(2,340)
Curtailment and settlement gains (losses)[(A)]	–	–	449
Experience (gains) losses	(27)	579	(1,663)
Changes in actuarial assumptions	8,710	6,264	3,810
Projected benefit obligation at the end of the year	$ 74,665	$ 64,977	$ 56,761

(A) As a result of poor market conditions, management was required to engage in cost saving initiatives that resulted in the termination of 87 employees during 2009. The reduction in headcount resulted in total curtailment losses of $600 (Pension Plan: $449 and Other Benefit Plan: $151).

(in thousands of US dollars)

As the Pension Plan benefits are established on the basis of continuous years of service and a fixed pension multiplier, the obligation is not projected beyond the current labor agreement. As a result, the PBO is equal to the accumulated benefit obligation ("ABO") of the Pension Plan at December 31, 2011, 2010 and 2009.

Plan assets

Pension plan assets consist of units held in a Master Trust administered by the Owner. The following disclosures show Sebree's proportionate share of each category of investments held by that Master Trust. The Master Trust is well diversified and there are no significant concentrations of risk present within plan assets. The following table presents the changes in the fair value of plan assets.

	Years Ended December 31,		
	2011	2010	2009
Plan assets at the beginning of the year	$ 51,198	$ 41,940	$ 35,548
Expected return on assets	3,335	2,861	2,140
Benefits paid	(3,258)	(2,866)	(2,340)
Employer contributions	2,494	7,182	1,301
Actuarial gains (losses)	(3,294)	2,081	5,291
Plan assets at the end of the year	$ 50,475	$ 51,198	$ 41,940

Plan assets composition

The following table presents the fair value of plan assets of Sebree's proportionate share of the Master Trust assets.

	At December 31,			
	2011	2010	2009	2008
Equities(A)	$ 27,292	$ 31,558	$ 24,199	$ 19,480
Corporate bonds	12,977	7,982	8,346	6,647
Government debt securities	6,744	8,724	6,082	7,536
Real estate	2,542	1,879	1,468	1,244
Other	920	1,055	1,845	641
Plan assets at the end of the year	$ 50,475	$ 51,198	$ 41,940	$ 35,548

(A) Equities consist primarily of publicly traded domestic and international equities.

Investment policy

The Pension Plan investment policy is overseen by the Pension Investment Committee which has established two primary investment objectives: (i) provide for the investment of the plan assets in a manner that produces a total investment return (net of fees) that meets or exceeds the liability returns of the plan liabilities, subject to appropriate levels of volatility of the difference between the asset return and the liability return; and (ii) exceed the return of a composite market index for the investment managers (at the same allocation as targeted for the respective investment managers) over rolling periods of three and five years.

The investment policy generally favors diversification and active management of the plan assets through selection of specialized managers. To ensure that long−term rates of returns are maintained, the investment strategic plan includes a dynamic asset allocation strategy in which asset allocation rebalancing occurs when specific funded ratios are attained and/or when market prices fluctuate outside of the established thresholds. Investments are generally limited to publicly traded equities and highly−rated debt securities, real estate investments and nominal amounts in other asset categories.

(in thousands of US dollars)

The following table presents the Pension Plan’s investment policy allocation range and actual allocation by asset category.

		At December 31,			
Asset categories	Range	2011	2010	2009	2008
Equities	43–3%	54.1%	61.6%	57.7%	54.8%
Fixed income	26”4%	39.1%	32.6%	34.4%	39.9%
Real estate	0‘0%	5.0%	3.7%	3.5%	3.5%
Other	0‘0%	1.8%	2.1%	4.4%	1.8%

Fair value hierarchy of plan assets

Although the Pension Plan assets are not controlled by Sebree, their fair value measurements impact Sebree’s results. The subsequent fair value adjustments determine the actual return on plan assets which forms part of future net periodic benefit costs. Level 2 and Level 3 fair values are independently determined by external valuation specialists.

Sebree uses the fair value hierarchy to measure the fair values of their proportionate share of the Master Trust assets:

- Level 1 fair value measurements represent exchange−traded securities which are valued at quoted prices (unadjusted) in active markets for identical assets that we have the ability to access as of the reporting date.
- Level 2 fair value measurements are determined using input prices that are directly observable for the asset or liability or are indirectly observable through corroboration with observable market data. Level 2 fair values are determined using standard valuation methods such as discounted cash flow models.
- Level 3 fair value measurements are determined using unobservable inputs, such as pricing models for the asset or liability, due to little or no market activity for the asset or liability. Level 3 fair values are determined on the basis of cash flow models or real estate appraisals.

The following tables present the Pension Plan assets classified under the appropriate level of the fair value hierarchy.

At December 31, 2011	Level 1	Level 2	Level 3	Total
Equities	$ 25,665	$ —	$ 1,627	$ 27,292
Fixed income		19,721		19,721
Real estate			2,542	2,542
Other		920		920
	$ 25,665	$ 20,641	$ 4,169	$ 50,475

At December 31, 2010	Level 1	Level 2	Level 3	Total
Equities	$ 30,821	$ —	$ 737	$ 31,558
Fixed income		16,706		16,706
Real estate			1,879	1,879
Other		1,055		1,055
	30,821	17,761	2,616	51,198

At December 31, 2009	Level 1	Level 2	Level 3	Total
Equities	$ 23,458	$ —	$ 741	$ 24,199
Fixed income		14,428		14,428
Real estate			1,468	1,468
Other		1,845		1,845
	$ 23,458	$ 16,273	$ 2,209	$ 41,940

(in thousands of US dollars)

Pension Plan assets classified as Level 3 in the fair value hierarchy represent real estate and private equity investments in which the Master Trust investment managers have used significant unobservable inputs in the valuation model. The following table presents the activity for these investments.

	Years Ended December 31, 2011	2010	2009
Balance at the beginning of the year	$ 2,616	$ 2,209	$ 1,808
Purchases/capital calls	1,307	589	977
Sales/distributions	(326)	(404)	(34)
Unrealized gains (losses)	572	222	(542)
Balance at the end of the year	$ 4,169	$ 2,616	$ 2,209

There were no transfers of plan assets into or out of Level 3 during the years ended December 31, 2011, 2010 or 2009.

Net plan obligation

As a result of the PBO exceeding the fair value of the plan assets, Sebree has the following related net obligation, which is included in non−current Post retirement benefits in the accompanying carve−out balance sheets.

	At December 31, 2011	2010	2009	2008
Projected benefit obligation	$ 74,665	$ 64,977	$ 56,761	$ 52,416
Less: Plan assets	50,475	51,198	41,940	35,548
Included in:				
Post retirement benefits – non−current	$ 24,190	$ 13,779	$ 14,821	$ 16,868

Net periodic benefit cost

The following table presents the components of net periodic benefit cost related to the Pension Plan.

	Years Ended December 31, 2011	2010	2009
Current service cost	$ 1,017	$ 981	$ 896
Interest cost	3,246	3,258	3,193
Expected return on assets	(3,335)	(2,861)	(2,140)
Curtailment and settlement charges	–	–	449
Amortization of actuarial losses	1,611	1,261	1,751
Net periodic benefit cost	$ 2,539	$ 2,639	$ 4,149

Other Benefit Plan

Expected future benefit payments

The following table presents the amounts of expected future benefit payments from the Other Benefit Plan.

	Amounts
For the Years Ending December 31,	
2012	$ 511
2013	362
2014	436
2015	549
2016	653
2017 through 2021, in the aggregate	3,270

(in thousands of US dollars)

Accumulated benefit obligation

The following table presents the changes in the accumulated benefit obligation of the Other Benefit Plan.

	Years Ended December 31, 2011	2010	2009
Accumulated benefit obligation at the beginning of the year	$ 6,799	$ 7,199	$ 4,676
Current service cost	222	179	190
Interest cost	336	353	411
Benefits paid	(1,072)	(817)	(287)
Experience (gains) losses	(286)	(934)	1,603
Changes in actuarial assumptions	(298)	819	271
Employee contributions	3	–	25
Prior service costs	–	–	159
Curtailment and settlement charges	–	–	151
Accumulated benefit obligation at the end of the year	$ 5,704	$ 6,799	$ 7,199

Net periodic benefit cost

The following table presents the components of net periodic benefit cost related to the Other Benefit Plan.

	Years Ended December 31, 2011	2010	2009
Current service cost	$ 222	$ 179	$ 190
Interest cost	336	353	411
Curtailment and settlement charges(A)	–	–	151
Amortization:			
Actuarial (gains) losses	138	166	(24)
Prior service costs	–	–	159
Net periodic benefit cost	$ 696	$ 698	$ 887

(A) As described above, as a result of poor market conditions, management was required to engage in cost saving initiatives that resulted in the termination of 87 employees during 2009. The reduction in headcount resulted in total curtailment losses of $600 (Pension Plan: $449 and Other Benefit Plan: $151).

Presentation in carve−out balance sheets

The PBO of the Other Benefit Plan is included in Sebree's carve−out balance sheets as follows.

	At December 31, 2011	2010	2009	2008
Included in Post retirement benefits:				
– current	$ 511	$ 1,072	$ 817	$ 287
– non−current	5,193	5,727	6,382	4,389
	$ 5,704	$ 6,799	$ 7,199	$ 4,676

Assumptions used for Post Retirement Benefit Plans

The assumptions used to determine benefit obligations at each year end are shown in the following table.

	Pension Plan				Other Benefit Plan			
At December 31,	2011	2010	2009	2008	2011	2010	2009	2008
Discount rate	4.3%	5.3%	6.0%	6.1%	4.2%	5.3%	5.8%	6.1%
Inflation	2.2%	2.3%	2.5%	1.5%	2.2%	2.3%	2.5%	1.5%

(in thousands of US dollars)

The assumptions used to determine net period benefit cost for each year are shown in the following table.

	Pension Plan			Other Benefit Plan		
Years Ended December 31,	2011	2010	2009	2011	2010	2009
Discount rate	5.3%	6.0%	6.1%	5.3%	5.8%	6.1%
Expected return on plan assets	6.6%	6.9%	5.9%	N/A	N/A	N/A

The discount rate used is the yield on high quality corporate bonds with maturity and terms that match those of the post retirement benefit plan obligations as closely as possible. In estimating the expected return on plan assets, consideration is given primarily to its target allocation, the current yield on long−term bonds in the country where the plan is established, and the historical risk premium of equity or real estate over long−term bond yields. The approach is consistent with the principle that assets with higher risk provide a greater return over the long−term.

The assumed healthcare cost trend used for measurement purposes is 8.5% for 2012, decreasing gradually to 5.0% by 2017 and remaining at that level thereafter. A one percentage point change in assumed healthcare cost trend rates would have the following effects in respect of the expense associated with the Other Benefit Plan:

	Other Benefit Plan	
	1% Increase	1% Decrease
Sensitivity analysis		
Effect on current service and interest costs	$ 10	$ (10)
Effect on accumulated benefit obligation	106	(109)

Information Related to Accumulated Other Comprehensive Income (Loss)
Post retirement benefit actuarial losses (gains) recognized in the ending balance of Accumulated other comprehensive income (loss) consist of:

	At December 31,			
	2011	2010	2009	2008
Net actuarial losses (gains):				
Pension Plan	$ 26,479	$ 16,113	$ 12,612	$ 17,507
Other Benefit Plan	659	1,381	1,662	(236)
Net actuarial losses	27,138	17,494	14,274	17,271
Less: income tax effect	(10,557)	(6,805)	(5,553)	(6,718)
Net actuarial losses after tax	$ 16,581	$ 10,689	$ 8,721	$ 10,553

Sebree estimates that approximately $2,648 and $66 related to the amounts shown at December 31, 2011 in the table above for Pension Plan and Other Benefit Plan obligations, respectively, will be amortized into net periodic benefit cost from Accumulated other comprehensive income (loss) during the year ending December 31, 2012.

10. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial Risk Management
Sebree's policies with regard to financial risk management are determined and governed by its Owner. The Owner's policies with regard to financial risk management are clearly defined and consistently applied and are a fundamental part of the Owner's long−term strategy. As it relates to Sebree's operations, such policies cover areas such as commodity price risk, credit risk, and liquidity risk and capital management.

(in thousands of US dollars)

Commodity price risk
Sebree's financial performance is influenced by fluctuations in the price of aluminum, energy and other raw materials and therefore Sebree has significant exposure to commodity prices. Sebree's normal policy is to sell its products at prevailing market prices and participate in the Owner's derivative financial instruments program related to risk management. None of the Owner's financial assets or liabilities is allocated to Sebree. As the derivative financial instruments program is managed by the Owner, Sebree is not a counterparty to any contracts and therefore, it is not practical to allocate any exposure or perform a sensitivity analysis for Sebree.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Sebree sells all of its finished products through a sales office also owned and operated by the Owner. A portion of the sales office's activities is included in Sebree's results of operations. As a result, Sebree is exposed to credit risks associated with the collection of trade receivables by the sales office. See Note 1 – Business and Summary of Significant Accounting Policies – Revenue Recognition and Sales Office Operations.

Customer credit risk is managed through the Owner's established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal or external rating criteria. Where customers are rated by an independent credit rating agency, these ratings are used to establish credit limits. In circumstances where no independent credit rating exists, the credit quality of the customer is assessed based on an extensive credit rating scorecard. Customer receivables are regularly monitored and any credit concerns highlighted to senior management. High risk shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

Liquidity risk and capital management
Sebree's liquidity and risk management strategies are managed by its Owner. Liquidity needs and surpluses of Sebree are managed through cash transfers through Owner's net investment. Sebree has no borrowing facilities with third parties or the Owner, and relies solely on the Owner for its ongoing cash funding requirements in excess of its own ability to generate cash.

Financial Instruments
Sebree has no financial instruments other than cash and cash equivalents, restricted cash, trade receivables and trade payables, which are carried on its carve−out balance sheets at fair value due to their nature and/or short maturities.

11. RELATED PARTY TRANSACTIONS

For all related party sales and purchases of goods and services, terms and prices are established under transfer pricing agreements between Sebree and the Owner at levels intended to approximate prevailing market rates.

The following table describes the nature and amounts of related party transactions included in Sebree's carve−out statements of operations.

		Years Ended December 31,		
	Notes	2011	2010	2009
Sales and operating revenues		$ —	$ —	$ 175
Purchases of inventories(A)		147,102	116,795	97,277
Derivative financial instruments(B)				
Net (gains) losses on derivative financial instruments allocated by the Owner	1	2,368	(3,696)	76
Selling and administrative expenses				
General corporate expenses allocated by the Owner	1	8,215	7,936	7,023
Research and development expenses	1	2,235	2,436	2,106
Other expenses (income) – net				
Other – net	2	(29)	(44)	

(A) Purchases of inventories (raw materials) from the Owner are included in both Cost of sales and operating expenses and Inventories.

(in thousands of US dollars)

(B) Consists of both realized and unrealized (gains) losses on derivative financial instruments which are included in Cost of sales and operating expenses.

The following table describes the nature and year−end balances of related party amounts included in Sebree's carve out balance sheets.

	At December 31, 2011	2010	2009	2008
Trade receivables	$ —	$ 101	$ 62	$ 8
Trade payables(A)	11,660	6,999	8,766	14,302

(A) Trade payables due to the Owner arise from the purchase of raw materials from the Owner and amounts directly charged by the Owner for research and development expenses.

12. COMMITMENTS AND CONTINGENCIES

Commitments

Commitments for Energy Purchases – Power Contract

From 1998 through 2009, Sebree (through Alcan and subsequently Rio Tinto) and another third party smelter were under the same contract to purchase approximately two−thirds of each of their electricity requirements from a power company. The contract included favorable pricing for Sebree and was scheduled to expire on December 31, 2011. Sebree sourced the remainder of its electricity needs from the market under short−term contracts. During July 2009, Rio Tinto and the other third party smelter both agreed with the power company's request to terminate the existing contract and enter into a new, long−term, cost−plus contract to purchase all of their electricity requirements through 2023.

In consideration for Rio Tinto's agreement to terminate the existing contract and enter into a new one, the previous power supplier paid us amounts totaling $84,516 during 2009. We received $37,744 paid directly to us in cash representing compensation for the termination of the contract, rebates earned under the previous contact and future fuel costs. We also received $46,772 in cash payments that were deposited in escrow accounts under our name and control, comprised of: (i) a "fuel" escrow account balance of $30,306; and (ii) additional escrow account balances totaling $16,466 which are being released from escrow to us on a scheduled basis between January 2010 and January 2012.

Of the total amount we received in 2009: (i) $3,777 was recognized immediately as a reduction of energy costs within Cost of sales and operating expenses during the year ended December 31, 2009; (ii) $50,433 was recorded as Deferred supplier incentives in our carve−out balance sheets and is being amortized as a reduction of energy costs on a straight−line basis over the 30 month period between July 2009 and December 2011; and (iii) $30,306 related to the "fuel" escrow account was also recorded as a Deferred supplier incentive and is being amortized as a reduction of energy costs based on our monthly usage (which was exhausted by September 2012).

During January 2011, we received an additional $4,250 in further incentives from the power company related to this contract. This amount was deposited in the "fuel" escrow account and recorded as additional Deferred supplier incentives.

The following table summarizes the amounts included in our carve−out statements of operations related to these arrangements.

	Years Ended December 31, 2011	2010	2009
Cost of sales and operating expenses (as a reduction of energy costs)(A)	$ (29,970)	$ (30,805)	$ (18,006)

(A) The amount for the year ended December 31, 2009 includes $3,777 which was received and recognized immediately and $14,229 representing amortization of the deferred supplier incentives as described above.

Commitments to Purchase Capital Expenditures

Sebree enters into contracts to acquire capital expenditures in the normal course of operations. At December 31, 2011, we had commitments to purchase capital expenditures totaling $13,999 during the year ending December 31, 2012.

(in thousands of US dollars)

Commitments under Operating Leases

Sebree leases certain buildings and machinery and equipment under various operating lease agreements. Total operating lease expense was as follows:

	Years Ended December 31, 2011	2010	2009
Total operating lease expense	$ 442	$ 347	$ 288

At December 31, 2011, Sebree's future minimum payments under non−cancellable operating leases were as follows:

For the Year Ending December 31,	Amounts
2012	$ 5
2013	1
2014	
2015	
2016	
	$ 6

Contingencies

From time to time, various lawsuits, claims and proceedings have been or may be instituted or asserted against the Owner as a result of Sebree's operations, including those pertaining to environmental or commercial matters, product quality and taxes. While the amounts claimed may be substantial, the ultimate liability cannot always be immediately determined because of considerable uncertainties that may exist. Therefore, it is possible that results of operations or liquidity in a particular future period could be materially affected by the resolution of certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are pending or asserted will not have a material adverse effect on Sebree's financial position or liquidity. Sebree provides for accruals in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated.

Although there is a possibility that liabilities may arise in other instances for which no accruals have been made, management does not believe that any losses in excess of accrued amounts would be sufficient to significantly impair Sebree's operations, have a material adverse effect on Sebree's financial position or liquidity, or materially and adversely affect Sebree's results of operations for any particular reporting period, in the absence of unusual circumstances.

RIO TINTO
SEBREE
MARCH 31, 2013

Contents

RIO TINTO
SEBREE

UNAUDITED INTERIM CARVE−OUT STATEMENTS OF OPERATIONS

(in thousands of US dollars)	Notes	Three Months Ended March 31, 2013	2012
Sales and operating revenues		$ 126,424	$ 120,403
Costs and expenses			
Cost of sales and operating expenses, excluding impairment charge, depreciation and amortization and accretion expense shown below:		116,469	108,236
Impairment charge	5	13,675	
Depreciation and amortization	5	2,811	8,204
Accretion expense	7	833	839
Selling and administrative expenses			
third parties		1,682	2,172
related parties	9	1,532	1,423
Research and development expenses – related parties	9	664	892
Other expenses (income) – net			
– third parties	2	(156)	463
– related parties	2, 9	–	(15)
		137,510	122,214
Loss before income taxes		(11,086)	(1,811)
Income tax benefit	3	(333)	(555)
Net loss		$ (10,753)	$ (1,256)

The accompanying notes are an integral part of the unaudited interim carve−out financial statements.

RIO TINTO
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UNAUDITED INTERIM CARVE−OUT STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of US dollars)	Notes	Three Months Ended March 31, 2013	2012
Net loss		$ (10,753)	$ (1,256)
Other comprehensive income:			
Net actuarial gains on post retirement benefit plans – net of tax of ($1,509) and ($1,563), respectively	11	2,371	2,454
Other comprehensive income – net of tax		2,371	2,454
Total comprehensive income (loss)		$ (8,382)	$ 1,198

The accompanying notes are an integral part of the unaudited interim carve−out financial statements.

RIO TINTO
SEBREE

UNAUDITED INTERIM CARVE−OUT BALANCE SHEETS

(in thousands of US dollars)	Notes	At March 31, 2013	At December 31, 2012
ASSETS			
Current assets			
Cash		$ 165	$ 161
Trade receivables			
– third parties		1,442	3,879
– related parties	9	–	23
Inventories	4	81,745	80,314
Prepaid expenses and other current assets		1,547	347
Total current assets		84,899	84,724
Non−current assets			
Property, plant and equipment – net	5	69,178	83,261
Other assets		358	380
Total assets		$ 154,435	$ 168,365
LIABILITIES AND INVESTED EQUITY			
Current liabilities			
Trade payables			
– third parties		$ 4,485	$ 5,485
– related parties	9	17,192	6,344
Accrued liabilities and other payables	6	27,839	29,260
Asset retirement obligations	7	2,826	2,986
Post retirement benefits	8	466	523
Total current liabilities		52,808	44,598
Non−current liabilities			
Asset retirement obligations	7	75,304	74,541
Post retirement benefits	8	22,722	25,718
Total liabilities		150,834	144,857
Commitments and contingencies	10		
Invested equity			
Owner’s net investment		17,688	39,966
Accumulated other comprehensive loss		(14,087)	(16,458)
Total invested equity		3,601	23,508
Total liabilities and invested equity		$ 154,435	$ 168,365

The accompanying notes are an integral part of the unaudited interim carve−out financial statements.

RIO TINTO
SEBREE

UNAUDITED INTERIM CARVE−OUT STATEMENTS OF CASH FLOWS

(in thousands of US dollars)	Three Months Ended March 31, 2013	2012
OPERATING ACTIVITIES		
Net loss	$ (10,753)	$ (1,256)
Adjustments to determine net cash provided by (used in) operating activities:		
Impairment charge	13,675	–
Depreciation and amortization	2,811	8,204
Accretion expense	833	839
Amortization of deferred supplier incentives	–	(3,761)
General corporate expenses allocated by the Owner	1,532	1,423
Net (gains) losses on derivative financial instruments allocated by the Owner	133	(579)
Bad debt expense (recoveries) net	(123)	470
Retirement and write−off of property, plant and equipment	59	11
Changes in:		
Trade receivables		
– third parties	2,437	362
– related parties	23	–
Inventories	(1,431)	(9,214)
Prepaid expenses and other current assets	(1,200)	(1,077)
Trade payables		
– third parties	223	(902)
– related parties	10,848	9,010
Accrued liabilities and other payables	(1,508)	(166)
Net change in deferred income tax assets and liabilities	–	691
Net change in other assets	22	63
Net change in post retirement benefits	(682)	(5,507)
Settlement of liabilities related to asset retirement obligations	(745)	(290)
Net cash provided by (used in) operating activities	16,154	(1,679)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(3,083)	(5,378)
Release of restricted cash	–	8,241
Net cash provided by (used in) investing activities	(3,083)	2,863
FINANCING ACTIVITIES		
Net cash transfers (to) from the Owner	(13,067)	(1,136)
Net cash provided by (used in) financing activities	(13,067)	(1,136)
Net increase in cash	4	48
Cash – beginning of period	161	130
Cash – end of period	$ 165	$ 178
Supplemental disclosure of non−cash investing information:		
Net changes to property, plant and equipment due to changes in asset retirement obligations	$ 515	$ 204

The accompanying notes are an integral part of the unaudited interim carve−out financial statements.

UNAUDITED INTERIM CARVE−OUT STATEMENT OF CHANGES IN INVESTED EQUITY

(in thousands of US dollars)	Owner's Net Investment	Accumulated Other Comprehensive Loss	Total Invested Equity
Balance at December 31, 2012	$ 39,966	$ (16,458)	$ 23,508
Net loss – Three months ended March 31, 2013	(10,753)		(10,753)
Other comprehensive income:			
Net actuarial gains on post retirement benefit plans – net of tax of $(1,509)		2,371	2,371
Net transfers (to) from the Owner	(11,525)		(11,525)
Balance at March 31, 2013	$ 17,688	$ (14,087)	$ 3,601

The accompanying notes are an integral part of the unaudited interim carve−out financial statements.

(in thousands of US dollars)

1. BUSINESS AND BASIS OF PRESENTATION

Business
Sebree is an aluminum smelting plant located in Robards, Kentucky, United States, and manufactures and sells a range of aluminum billets and other remelt metal products.

At March 31, 2013, the Sebree smelter was part of Alcan Primary Products Corporation, a corporation owned by the Rio Tinto Group, which is comprised of Rio Tinto plc and Rio Tinto Limited. References herein to Rio Tinto or the Owner refer to the Rio Tinto Group and, where applicable, one or more of its subsidiaries, affiliates and joint ventures. References herein to “Sebree”, “we”, “our”, or “us” refer to the Sebree business.

During October 2011, Rio Tinto announced that it intended to streamline its Aluminium Product Group following a strategic review whereby divestment options for Sebree would be investigated and evaluated. In connection with and preparation for the divestment, on May 8, 2013 Sebree issued its 2012 audited carve−out financial statements and has prepared the accompanying unaudited interim carve−out financial statements at and for the three months ended March 31, 2013 on the basis described below.

On June 1, 2013, Rio Tinto sold substantially all of the assets of the Sebree smelter to Century Aluminum Company (“Century”; Nasdaq: CENX) for a total base sale price of $61 million in cash and $4 million in certain obligations assumed by Century, subject to post−closing adjustments.

Basis of Presentation
The unaudited interim carve−out balance sheet at March 31, 2013, the related unaudited interim carve−out statements of operations, comprehensive income (loss) and cash flows for the three months ended March 31, 2013 and 2012 and the unaudited interim statement of changes in invested equity for the three months ended March 31, 2013 have been derived from the accounting records of Rio Tinto using the historical results of operations and historical bases of assets and liabilities of Sebree, including the effects of push down accounting from the Rio Tinto acquisition of Alcan Inc. (“Alcan”) during 2007.

The carve−out balance sheet at December 31, 2012 has been derived from Sebree’s 2012 audited carve−out financial statements. These unaudited interim financial statements should be read in conjunction with Sebree’s audited carve out financial statements for the year ended December 31, 2012 which includes all disclosures required by accounting principles generally accepted in the United States of America (“GAAP”).

Collectively, these financial statements and the accompanying notes to the financial statements are referred to hereinafter as the carve−out financial statements. In management’s opinion, these carve−out financial statements include all adjustments that are necessary to estimate financial results for the interim periods presented. The results of Sebree’s operations for any interim period are not necessarily indicative of the results of its operations for any other interim period or for any full fiscal year.

Management believes the assumptions underlying the carve−out financial statements are reasonable, including the allocations described below under the section titled Allocations from the Owner. However, the carve−out financial statements included herein may not necessarily represent what Sebree’s results of operations, financial position and cash flows would have been had it been a stand−alone entity during the periods presented, or what Sebree’s results of operations, financial position and cash flows may be in the future.

Owner’s Net Investment
As these carve−out financial statements represent a business of the Owner which is not a separate legal entity, the net assets of Sebree have been presented herein as Owner’s net investment, a component of Invested equity. Invested equity is comprised primarily of: (i) the initial investment to acquire and establish the net assets of Sebree (and any subsequent adjustments thereto); (ii) the accumulated net income (losses) and other comprehensive income (losses) of Sebree; (iii) net transfers to or from the Owner related to cash management functions performed by the Owner, such as the collection of trade receivables and the payment of trade payables and wages and salaries; (iv) certain corporate cost allocations; (v) allocated gains and losses on derivative financial instruments; and (vi) changes in certain income tax liabilities and assets.

Related Parties
Balances and transactions between Sebree and the Owner have been identified as related party balances and transactions in the carve−out financial statements.

(in thousands of US dollars)

Cash Management and Funding

The Owner performs substantially all cash management and treasury functions for Sebree. None of the Owner's cash has been allocated to Sebree in the carve−out financial statements.

Substantially all of Sebree's operations are funded directly by the Owner, including, but not limited to, purchases of inventory, operating expenses and capital expenditures. Sebree records this activity in its carve−out financial statements and, in lieu of recording trade payables to its Owner, records a corresponding credit to Owner's net investment. Sebree sells all of its finished products through a sales office of the Owner and, in lieu of recording trade receivables from the sales office (and subsequently cash−settling such balances), records a corresponding charge against Owner's net investment for the invoiced amounts.

Allocations from the Owner

In addition to the operations and net assets of Sebree, the carve−out financial statements of Sebree also include: (i) allocations of certain of the Owner's general corporate expenses; and (ii) allocated gains and losses on derivative financial instruments, with corresponding offsetting amounts included in Owner's net investment as non−cash transfers.

The expenses and gains and losses allocated are not necessarily indicative of the amounts that would have been incurred had Sebree performed these functions as a stand−alone entity, nor are they indicative of amounts that will be incurred in the future. It is not practical to estimate the amount of expenses and gains and losses that Sebree would have incurred for the periods presented had it not been an affiliated entity of the Owner. Allocated items are described below.

General Corporate Expenses

The Owner allocates certain of its general corporate expenses to Sebree, comprised of costs incurred in the: (i) finance; (ii) human resources; (iii) legal; (iv) information systems and technology; (v) health, safety and environmental; (vi) corporate; and (vii) external affairs functions of the Owner, as well as a portion of the Owner's executive office costs. The allocated expenses are mainly comprised of salaries, including variable compensation and other direct costs of the various functions. The allocation to Sebree is based on Sebree's proportional share of the Owner's total average headcount and total assets.

General corporate expense allocations are included in Selling and administrative expenses – related parties in Sebree's carve−out statements of operations and are summarized in the following table.

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
General corporate expenses allocated by the Owner	$ 1,532	$ 1,423

Fluctuations in amounts from period to period are attributable to changes in: (i) the Owner's practices of centralizing and decentralizing activities; (ii) the total average headcount and total assets of the Owner as it manages its portfolio (and therefore, Sebree's relative size in relation to the total); and (iii) the levels and amounts of the Owner's spending, among other variables.

Derivative Financial Instruments

Sebree participates in the Owner's derivative financial instruments program related to risk management. In conducting its business, the Owner uses various derivative financial instruments to manage aluminum price risk. Sebree does not directly enter into any derivative financial instruments. Although the derivative financial instruments are intended to act as economic hedges, none of the derivative financial instruments used is designated for hedge accounting.

Realized and unrealized gains and losses on derivative financial instruments incurred at the Owner level are allocated to Sebree based on tonnage sold. None of the Owner's financial assets or liabilities related to derivative financial instruments is allocated to Sebree.

(in thousands of US dollars)

Allocated net gains or losses on derivative financial instruments are included in Cost of sales and operating expenses in Sebree's carve−out statements of operations and are summarized in the following table.

	Three Months Ended March 31, 2013	2012
Net (gains) losses on derivative financial instruments allocated by the Owner	$ 133	$ (579)

Income Taxes
Income taxes are calculated as if Sebree had been a separate tax−paying legal entity, filing separate tax returns in its local tax jurisdictions. All of the income tax amounts currently payable or receivable by Sebree are included in Owner's net investment, because the net taxes payable (or receivable) for the taxes due (or refundable) as well as the actual payments (or refunds) of income taxes are recorded in the financial statements of the Owner's other entity that files the consolidated tax returns. As a result of this structure, all of the changes in current income tax accounts are included in net cash transfers (to) from the Owner in the carve−out financial statements.

Interest Expense
The Owner incurs third party debt and provides financing to Sebree through Owner's net investment. The Owner does not allocate any interest expense to Sebree as none of the Owner's debt is related, directly or indirectly, to Sebree's operations.

Adopted Accounting Standards and Guidance
ASU No. 2013−02 – Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income (codified into Accounting Standards Codification ("ASC") Topic 220 – Comprehensive Income)
Effective January 1, 2013, Sebree adopted Accounting Standards Update ("ASU") No. 2013−02 which amends ASC Topic 220, "Comprehensive Income." The amended guidance in ASU No. 2013−02 requires entities to provide information about the amounts reclassified out of accumulated other comprehensive income by component and to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. The amended guidance does not change the current requirements for reporting net income or other comprehensive income. Other than additional disclosure requirements which are presented in Note 11 – Changes in Accumulated Other Comprehensive Loss, the adoption of ASU No. 2013−02 had no impact on Sebree's carve−out financial statements.

Recently Issued Accounting Standards and Guidance
We have determined that all other recently issued accounting standards and guidance will not have a significant impact on our carve−out financial statements or do not apply to our operations.

2. OTHER EXPENSES (INCOME) – NET

Other expenses (income) – net are comprised of the following:

	Notes	Three Months Ended March 31, 2013	2012
THIRD PARTIES			
Bad debt expense (recoveries) –net		$ (123)	$ 470
Retirement and write−off of property, plant and equipment	5	59	11
Other – net		(92)	(18)
		$ (156)	$ 463
RELATED PARTIES			
Other – net		$ —	$ (15)

(in thousands of US dollars)

3. INCOME TAXES

The following table presents the reconciliation of Sebree's income tax benefit calculated at the effective statutory income tax rate to income tax benefit as shown in the carve−out statements of operations.

	Three Months Ended March 31, 2013	2012
Effective statutory income tax rate	38.9%	38.9%
Loss before income taxes	$ (11,086)	$ (1,811)
Income tax benefit at the effective statutory income tax rate	(4,312)	(704)
Differences attributable to:		
Increase in valuation allowance	3,961	–
Non−deductible expenses net	13	13
Statutory tax rate differences on items allocated by the Owner	3	138
Other – net	2	(2)
Income tax benefit	$ (333)	$ (555)

The following table presents the components of income tax benefit.

	Three Months Ended March 31, 2013	2012
Current expense	$ 1,850	$ 2,448
Deferred benefit	(2,183)	(3,003)
Income tax benefit	$ (333)	$ (555)

We incurred net losses during the three months ended March 31, 2013 and for the full year ended December 31, 2012. Our forecasts of future operating results and cash flows deteriorated during 2012 and further deteriorated during 2013. As a result, we concluded that it is not likely that we will be able to recover our deferred income tax assets and accordingly, we recorded a full valuation allowance at both March 31, 2013 and December 31, 2012.

The legal entity in which Sebree is included for consolidated tax purposes is, from time to time, under audit by various taxing authorities and several tax years are open at March 31, 2013. Therefore, it is reasonably possible that the amount of unrecognized tax benefits for tax positions taken regarding previously filed tax returns could significantly increase in the next 12 months. However, based on the status of these examinations and the uncertainty surrounding the outcomes of audits and negotiations, it is not possible at this time to estimate the impact of such changes, if any. At March 31, 2013 and December 31, 2012, there are no unrecognized tax benefits.

4. INVENTORIES

Inventories are comprised of the following:

	At March 31, 2013	At December 31, 2012
Raw materials and purchased components	$ 38,126	$ 35,441
Consumable stores	13,527	13,544
Work in progress	9,099	9,400
Finished goods	20,993	21,929
	$ 81,745	$ 80,314

(in thousands of US dollars)

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are comprised of the following:

	At March 31, 2013	At December 31, 2012
Cost (excluding Construction work in progress):		
Land and property rights	$ 17,164	$ 17,164
Buildings	129,637	129,593
Machinery and equipment	293,133	289,922
	439,934	436,679
Accumulated depreciation and amortization and impairment	(378,928)	(362,681)
	61,006	73,998
Construction work in progress	8,172	9,263
Property, plant and equipment – net	$ 69,178	$ 83,261

Impairment
During the three months ended March 31, 2013, there was a decline in the fair value of Sebree due to continued deterioration of market conditions. As a result, we performed an impairment test based on Century’s revised bid for Sebree received during this period and recorded an impairment charge of $13,675 related to property, plant and equipment. The impairment charge was allocated to buildings and machinery and equipment based on their relative carrying values at March 31, 2013.

We incurred no asset impairment charges related to property, plant and equipment during the three months ended March 31, 2012.

Retirements and Write−offs
During the three months ended March 31, 2013 and 2012, we retired and/or wrote off damaged and obsolete property, plant and equipment having aggregate net book values of $59 and $11, respectively. These charges are included in Other expenses (income) – net in our carve−out statements of operations.

6. ACCRUED LIABILITIES AND OTHER PAYABLES

Accrued liabilities and other payables are comprised of the following:

	At March 31, 2013	At December 31, 2012
Accrued electric power expense	$ 12,946	$ 13,138
Accrued payroll and employment benefits	4,705	5,891
Accrued inventory purchases	3,117	4,021
Taxes payable other than income	3,679	3,513
Accrued freight expense	876	729
Accruals for capital expenditures	452	365
Other	2,064	1,603
	$ 27,839	$ 29,260

(in thousands of US dollars)

7. ASSET RETIREMENT OBLIGATIONS

Asset retirement activity and period end obligations are as follows:

	Three Months Ended March 31, 2013
Balance at the beginning of the period	$ 77,527
Liabilities incurred	515
Liabilities settled	(745)
Accretion expense	833
Balance at the end of the period	$ 78,130

	At March 31, 2013	At December 31, 2012
As shown in the carve−out balance sheet at period end:		
Current	$ 2,826	$ 2,986
Non−current	75,304	74,541
	$ 78,130	$ 77,527

8. POST RETIREMENT BENEFITS

General Descriptions

Pension Plan

Sebree’s pension obligation relates entirely to its funded defined benefit pension plan for unionized employees covered under a collective bargaining agreement in the US (“Pension Plan”). Upon retirement, these employees are entitled to a monthly pension determined as the product of their years of continuous service and a fixed pension multiplier. The related assets, liabilities and costs of the Pension Plan are included in Sebree’s carve−out financial statements.

Other Benefit Plan

Sebree also sponsors an unfunded other post retirement benefit plan, mostly comprised of healthcare benefits for retired unionized employees in the US (“Other Benefit Plan”). The Other Benefit Plan is managed by Sebree and the related liabilities and costs are included in Sebree’s carve−out financial statements. Employer contributions made to the Other Benefit Plan amounted to $130 during the three months ended March 31, 2013.

Defined Contribution Plan

Sebree sponsors an employee savings plan. Sebree’s contributions to this plan were $171 and $126 for the three months ended March 31, 2013 and 2012, respectively, and are included in Cost of sales and operating expenses in Sebree’s carve−out statements of operations.

Post Retirement Benefits for Non−Unionized Employees

Certain of Sebree’s non−unionized employees participate in pension and healthcare benefit plans that are managed by the Owner (“Post Retirement Benefits for Non−Unionized Employees”). As Sebree is not the sponsor of these plans, none of the plan assets or obligations associated with the Post Retirement Benefits for Non−Unionized Employees are recorded in Sebree’s carve−out balance sheets. However, Sebree is required to make contributions which are expensed as incurred and included in Cost of sales and operating expenses in Sebree’s carve−out statements of operations. Contributions made to the Owner−sponsored pension plan were $482 and $362 for the three months ended March 31, 2013 and 2012, respectively, and contributions to the Owner sponsored healthcare benefit plan were $85 and $80 for the three months ended March 31, 2013 and 2012, respectively.

Pension Plan

Funding Policy

Employer contributions made to the Pension Plan amounted to $120 during the three months ended March 31, 2013. Sebree expects to contribute $1,580 in the aggregate to the Pension Plan during the remainder of the year ending December 31, 2013.

(in thousands of US dollars)

Net Periodic Benefit Cost

The following table presents the components of net periodic benefit cost related to the Pension Plan.

	Three Months Ended March 31, 2013	2012
Current service cost	$ 335	$ 306
Interest cost	828	784
Expected return on assets	(847)	(750)
Amortization of actuarial losses	637	662
Net periodic benefit cost	$ 953	$ 1,002

Other Benefit Plan

Net Periodic Benefit Cost

The following table presents the components of net periodic benefit cost related to the Other Benefit Plan.

	Three Months Ended March 31, 2013	2012
Current service cost	$ 38	$ 41
Interest cost	51	57
Amortization of actuarial losses	37	17
Net periodic benefit cost	$ 126	$ 115

9. RELATED PARTY TRANSACTIONS

For all related party sales and purchases of goods and services, terms and prices are established under transfer pricing agreements between Sebree and the Owner. These related party transactions occur in the normal course of operations and are recorded at their exchange amounts.

The following table describes the nature and amounts of related party transactions included in Sebree's carve−out statements of operations.

	Notes	Three Months Ended March 31, 2013	2012
Purchases of inventories(A)		$ 37,357	$ 39,378
Cost of sales and operating expenses			
Net (gains) losses on derivative financial instruments allocated by the Owner(B)	1	133	(579)
Selling and administrative expenses			
General corporate expenses allocated by the Owner	1	1,532	1,423
Research and development expenses		664	892
Other expenses (income) – net			
Other – net	2	$ —	$ (15)

(A) Purchases of inventories (raw materials) from the Owner are included in both Cost of sales and operating expenses and Inventories.

(B) Consists of both realized and unrealized gains and losses on derivative financial instruments.

(in thousands of US dollars)

The following table describes the nature and year−end balances of related party amounts included in Sebree’s carve out balance sheets.

	At March 31, 2013	At December 31, 2012
Trade receivables	$ —	$ 23
Trade payables[A]	17,192	6,344

(A) Trade payables due to the Owner arise from the purchase of raw materials from the Owner.

10. COMMITMENTS AND CONTINGENCIES

Commitments

Commitments for Energy Purchases – Power Purchase Contract

The following table summarizes the amounts included in Sebree’s carve−out statements of operations related to the amortization of Deferred supplier incentives received under its power purchase contract arrangement that was renegotiated during 2009.

	Three Months Ended March 31, 2013	2012
Cost of sales and operating expenses (as a reduction of energy costs)	$ —	$ (3,761)

On January 31, 2013, Sebree gave notice of early termination of its power purchase contract. Under the terms of the contract, such termination will be effective 12 months from the date of the notification. The effects of terminating the contract had no immediate impact on Sebree’s operations or financial position.

At March 31, 2013, Sebree’s future minimum payments for electricity under its power purchase contract representing the remainder of the early termination notification period are as follows:

For the Year Ending December 31,	Amounts
2013 (remainder of year)	$ 56,102
2014	6,233
	$ 62,335

Commitments for Capital Expenditures

Sebree enters into contracts to acquire capital assets in the normal course of operations. At March 31, 2013, Sebree had commitments for capital expenditures totaling $3,298 during the remainder of the year ending December 31, 2013.

Commitments under Operating Leases

Sebree leases certain buildings and machinery and equipment under various operating lease agreements. Total operating lease expense was as follows:

	Three Months Ended March 31, 2013	2012
Total operating lease expense	$ 84	$ 162

(in thousands of US dollars)

At March 31, 2013, Sebree's future minimum payments under non−cancellable operating leases are as follows:

For the Year Ending December 31,	Amounts
2013 (remainder of year)	$ 36
2014	48
2015	48
2016	23
2017	3
	$ 158

Contingencies

From time to time, various lawsuits, claims and proceedings have been or may be instituted or asserted against the Owner as a result of Sebree's operations, including those pertaining to environmental or commercial matters, product quality and taxes. While the amounts claimed may be substantial, the ultimate liability cannot always be immediately determined because of considerable uncertainties that may exist. Therefore, it is possible that results of operations or liquidity in a particular future period could be materially affected by the resolution of certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are pending or asserted will not have a material adverse effect on Sebree's financial position or liquidity. Sebree provides for accruals in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated.

Although there is a possibility that liabilities may arise in other instances for which no accruals have been made, management does not believe that any losses in excess of accrued amounts would be sufficient to significantly impair Sebree's operations, have a material adverse effect on Sebree's financial position or liquidity, or materially and adversely affect Sebree's results of operations for any particular reporting period, in the absence of unusual circumstances.

11. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents the changes in Sebree's Accumulated other comprehensive loss.

	Three Months Ended March 31, 2013	2012
Balance at beginning of period	$ (16,458)	$ (16,581)
Other comprehensive income:		
Actuarial gains	3,206	3,338
Income tax expense	(1,247)	(1,299)
Other comprehensive income before reclassifications – net of tax	1,959	2,039
Amounts reclassified from Accumulated other comprehensive loss:		
Amortization of actuarial losses(A)	674	679
Income tax expense(B)	(262)	(264)
Amounts reclassified from Accumulated other comprehensive loss – net of tax	412	415
Other comprehensive income – net of tax	2,371	2,454
Balance at end of period	$ (14,087)	$ (14,127)

(A) Amounts included in the computation of net periodic benefit cost for the Pension Plan and Other Benefit Plan. See Note 8 – Post Retirement Benefits.

(B) Amounts included in Income tax expense (benefit) in Sebree's carve−out statements of operations.

CENTURY ALUMINUM COMPANY
SEBREE
MARCH 31, 2013

Contents

PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma consolidated balance sheet of Century Aluminum Company ("Century") assumes the Century Aluminum Sebree LLC ("Sebree") acquisition was completed as of March 31, 2013 and is derived from the historical results of Century and the unaudited pro forma value of the Sebree assets purchased and liabilities assumed. The unaudited pro forma consolidated statements of operations have been prepared for the year ended December 31, 2012 and for the three−months ended March 31, 2013 as if the acquisition of Sebree had occurred on January 1, 2012 and January 1, 2013, respectively. The unaudited pro forma financial information reflects the Sebree acquisition using the acquisition method of accounting. The preliminary aggregate purchase price is $61 million, which is subject to customary working capital adjustments, and the Company intends to fund the purchase price with cash.

The unaudited pro forma consolidated financial statements have been prepared based upon a preliminary purchase price allocation. The actual fair values could differ materially from the values assumed in the pro forma consolidated financial statements. Differences between the preliminary and final purchase price allocation could result in material adjustments. The final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets acquired and liabilities assumed as of the date of the completion of the acquisition. In addition, subsequent to the closing date, there may be further refinements of the purchase price allocation as additional information becomes available.

The unaudited pro forma consolidated financial statements should be read in conjunction with the audited annual historical consolidated financial statements and notes thereto of Century and Sebree and the unaudited historical interim financial statements and notes thereto of Century and Sebree. The unaudited pro forma consolidated financial statements are presented for informational purposes only and are not necessarily indicative of the actual results had the Sebree acquisition occurred at the times described above, nor does it purport to represent results of future operations.

The pro forma financial information does not reflect any potential changes for the power contract at Sebree or any potential modifications we may make to Sebree's alumina contract. Additionally, Sebree's historical results reflect an allocation of overhead expenses from its parent. We expect that, following a transitional period, Sebree's overhead expenses will be lower under our ownership than that reflected, but have not made any adjustment to the pro forma financial statements.

CENTURY ALUMINUM COMPANY
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
Year Ended December 31, 2012
(In Thousands, Except Per Share Amounts)

	Century Historical	Sebree Historical	Pro Forma Adjustments	Pro Forma As Adjusted
NET SALES:				
Third−party customers	$ 719,812	$ —	$ 483,085 (1)	$ 1,202,897
Related parties	552,299	483,085	(483,085) (1)	552,299
	1,272,111	483,085	—	1,755,196
Cost of goods sold	1,225,769	496,629	(27,274) (2)	1,695,124
Gross profit (loss)	46,342	(13,544)	27,274	60,072
Impairment charge	—	219,549	—	219,549
Other operating expenses	18,253	2,751	—	21,004
Selling, general and administrative expenses	35,363	12,868	(550) (3)	47,681
Operating income (loss)	(7,274)	(248,712)	27,824	(228,162)
Interest expense – third party − net	(23,537)	—	—	(23,537)
Interest income – related parties	62	—	—	62
Net loss on forward contracts	(4,150)	—	—	(4,150)
Other income (expense) — third party	5,576	(2,323)	(15) (1)	3,238
Other income (expense) — related party	—	(15)	15 (1)	—
Income (loss) before income taxes and equity in earnings of joint ventures	(29,323)	(251,050)	27,824	(252,549)
Income tax (expense) benefit	(8,910)	49,357	(51,026) (4)	(10,579)
Income (loss) before equity in earnings of joint ventures	(38,233)	(201,693)	(23,202)	(263,128)
Equity in earnings of joint ventures	2,623	—	—	2,623
Net income (loss)	$ (35,610)	$ (201,693)	$ (23,202)	$ (260,505)
Net income (loss) allocated to common shareholders	$ (35,610)			$ (260,505)
EARNINGS (LOSS) PER COMMON SHARE:				
Basic	$ (0.40)			$ (2.94)
Diluted	$ (0.40)			$ (2.94)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	88,534			88,534
Diluted	88,534			88,534
DIVIDENDS PER COMMON SHARE	$ —			$ —

See accompanying notes to the unaudited pro forma consolidated statement of operations.

NOTES TO THE UNAUDITED PRO FORMA
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2012

1. Represents reclassifications of Sebree related party sales and other expense as a result of the acquisition.
2. Reflects an adjustment to Sebree's historical depreciation expense of $32,929 based on the reduced net book value as a result of the purchase accounting preliminary fair market valuation of Sebree's property, plant and equipment using an estimated average useful life of 10 years.
3. Reflects an adjustment to selling, general and administrative expenses for non−recurring transaction costs associated with the acquisition.
4. Reflects an adjustment to eliminate all taxes related to historical Sebree and to reflect the state income tax expense associated with the additional pro forma pre−tax income associated with the pro forma adjustments that consisted of a decrease in depreciation expense and selling, general and administrative expenses. The pro forma state statutory tax rate used is 6%. The pro forma adjustment to eliminate Sebree's historical taxes reflects that on a pro forma basis the Company's net operating loss carryforwards would have been available to offset Sebree's taxable income.

CENTURY ALUMINUM COMPANY
UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended March 31, 2013
(In Thousands, Except Per Share Amounts)

	Century Historical	Sebree Historical	Pro Forma Adjustments	Pro Forma As Adjusted
NET SALES:				
Third−party customers	$ 188,514	$ —	$ 126,424 (1)	$ 314,938
Related parties	132,760	126,424	(126,424) (1)	132,760
	321,274	126,424	—	447,698
Cost of goods sold	303,692	116,469	(1,397) (2)	418,764
Gross profit (loss)	17,582	9,955	1,397	28,934
Impairment charge	—	13,675	—	13,675
Other operating expenses	1,096	4,308	—	5,404
Selling, general and administrative expenses	16,299	3,214	(250) (3)	19,263
Operating income (loss)	187	(11,242)	1,647	(9,408)
Interest expense – third party − net	(5,945)	—	—	(5,945)
Net loss on forward contracts	15,507	—	—	15,507
Other income (expense) — third party	70	156	—	226
Income (loss) before income taxes and equity in earnings of joint ventures	9,819	(11,086)	1,647	380
Income tax (expense) benefit	(2,517)	333	(432) (4)	(2,616)
Income (loss) before equity in earnings of joint ventures	7,302	(10,753)	1,215	(2,236)
Equity in earnings of joint ventures	951	—	—	951
Net income (loss)	$ 8,253	$ (10,753)	$ 1,215	$ (1,285)
Net income (loss) allocated to common shareholders	$ 7,567			$ (1,285)
EARNINGS (LOSS) PER COMMON SHARE:				
Basic	$ 0.09			$ (0.01)
Diluted	$ 0.09			$ (0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	88,555			88,555
Diluted	89,020			88,555
DIVIDENDS PER COMMON SHARE	$ —			$ —

See accompanying notes to the unaudited pro forma consolidated statement of operations.

NOTES TO THE UNAUDITED PRO FORMA
CONSOLIDATED STATEMENT OF OPERATIONS
Three Months Ended March 31, 2013

1. Represents reclassifications of Sebree related party sales as a result of the acquisition.
2. Reflects an adjustment to Sebree's historical depreciation expense of $2,811 based on the reduced net book value as a result of the purchase accounting preliminary fair market valuation of Sebree's property, plant and equipment using an estimated average useful life of 10 years.
3. Reflects an adjustment to selling, general and administrative expenses for non−recurring transaction costs associated with the acquisition.
4. Reflects an adjustment to eliminate all taxes related to historical Sebree and to reflect the state income tax expense associated with the additional pro forma pre−tax income associated with the pro forma adjustments that consisted of a decrease in depreciation expense and selling, general and administrative. The pro forma state statutory tax rate used is 6%. The pro forma adjustment to eliminate Sebree's historical taxes reflects that on a pro forma basis the Company's net operating loss carryforwards would have been available to offset Sebree's taxable income.

CENTURY ALUMINUM COMPANY
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
March 31, 2013
(In Thousands, Except Per Share Amounts)

	Century Historical	Pro Forma Adjustments		Pro Forma As Adjusted
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 195,471	$ (47,373)	(1)	$ 148,098
Restricted cash	258	—		258
Accounts receivable – net	52,312	—		52,312
Due from affiliates	43,561	—		43,561
Inventories	156,815	58,497	(1)	215,312
Prepaid and other current assets	41,163	363	(1)	41,526
Deferred taxes − current portion	19,726	—		19,726
Total current assets	509,306	11,487		520,793
Property, Plant and Equipment – net	1,180,770	55,520	(1)	1,236,290
Other assets	101,039	—		101,039
Total	$ 1,791,115	$ 67,006		$ 1,858,121
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES:				
Accounts payable, trade	$ 75,796	$ —		$ 75,796
Due to affiliates	50,210	—		50,210
Accrued and other current liabilities	49,001	40,610	(1)	89,611
Accrued employee benefits costs − current portion	18,668	3,512	(1)	22,180
Industrial revenue bonds	7,815	—		7,815
Total current liabilities	201,490	44,122		245,611
Senior notes payable	250,861			250,861
Accrued pension benefits costs – less current portion	67,322	5,039	(1)	72,361
Accrued postretirement benefits costs − less current portion	143,794	6,544	(1)	150,338
Other liabilities	25,278	8,003	(1)	33,281
Deferred Taxes– Less current portion	110,361	1,257	(2)	111,618
Total noncurrent liabilities	597,616	20,843		618,459
SHAREHOLDERS' EQUITY:				
Series A Preferred stock (one cent par value, 5,000,000 shares authorized; 80,084 shares issued and outstanding)	1	—		1
Common stock (one cent par value, 195,000,000 shares authorized; 93,382,730 shares issued and 88,596,209 outstanding)	934	—		934
Additional paid−in capital	2,507,671	—		2,507,671
Treasury stock, at cost	(49,924)	—		(49,924)
Accumulated other comprehensive loss	(150,297)	—		(150,297)
Accumulated deficit	(1,316,376)	2,042	(1)	(1,314,334)
Total shareholders' equity	992,009	2,042		994,051
Total	$ 1,791,115	$ 67,006		$ 1,858,121

See accompanying notes to the unaudited pro forma consolidated balance sheet.

NOTES TO THE UNAUDITED PRO FORMA
CONSOLIDATED BALANCE SHEET
March 31, 2013
(Dollars in Thousands)

1. Reflects the adjusted purchase price and preliminary allocation of the estimated fair market value of assets purchased and liabilities assumed for the Sebree acquisition.

Preliminary consideration:		
Purchase price	$	65,000
Other credits and working capital adjustments		(13,627)
Other post retirement benefits credit		(4,000)
Adjusted consideration	$	47,373

The Company funded the acquisition with cash.

Preliminary allocation of purchase price:		
Inventory	$	58,497
Other current assets		363
Property, plant and equipment		55,520
Current liabilities		(44,122)
Noncurrent liabilities		(20,843)
Preliminary allocation of fair market value of net assets	$	49,415
Preliminary bargain purchase gain	$	2,042

2. Reflects an adjustment to record deferred income taxes for the effects of the preliminary calculation of the pro forma bargain purchase gain using and effective tax rate of 38.1%.