

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_.  
Commission file number 1-34474

# Century ALUMINUM

Century Aluminum Company

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)  
One South Wacker Drive  
Suite 1000  
Chicago, Illinois  
(Address of principal executive offices)

13-3070826  
(IRS Employer Identification No.)  
60606  
(Zip Code)

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):  
Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The registrant had 88,948,158 shares of common stock outstanding at October 31, 2014.

---

## TABLE OF CONTENTS

	<u>Page</u>
<u>PART I – FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements.</u>	<u>3</u>
<u>Notes to Consolidated Financial Statements</u>	<u>8</u>
<u>Note 1. General</u>	<u>8</u>
<u>Note 2. Acquisition of Sebree aluminum smelter</u>	<u>8</u>
<u>Note 3. Fair value measurements</u>	<u>9</u>
<u>Note 4. Derivative and hedging instruments</u>	<u>11</u>
<u>Note 5. Earnings (loss) per share</u>	<u>12</u>
<u>Note 6. Shareholders' equity</u>	<u>14</u>
<u>Note 7. Income taxes</u>	<u>15</u>
<u>Note 8. Inventories</u>	<u>15</u>
<u>Note 9. Debt</u>	<u>15</u>
<u>Note 10. Commitments and contingencies</u>	<u>18</u>
<u>Note 11. Forward delivery contracts and financial instruments</u>	<u>21</u>
<u>Note 12. Supplemental cash flow information</u>	<u>23</u>
<u>Note 13. Asset retirement obligations ("ARO")</u>	<u>23</u>
<u>Note 14. Components of accumulated other comprehensive loss</u>	<u>23</u>
<u>Note 15. Components of net periodic benefit cost</u>	<u>25</u>
<u>Note 16. Recently issued accounting standards</u>	<u>26</u>
<u>Note 17. Subsequent events</u>	<u>26</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>28</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk.</u>	<u>36</u>
<u>Item 4. Controls and Procedures.</u>	<u>38</u>
<u>PART II – OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings.</u>	<u>39</u>
<u>Item 1A. Risk Factors.</u>	<u>39</u>
<u>Item 5. Other Information.</u>	<u>40</u>
<u>Item 6. Exhibits.</u>	<u>41</u>
<u>SIGNATURES</u>	<u>42</u>

PART I – FINANCIAL INFORMATION  
Item 1. Financial Statements.

**CENTURY ALUMINUM COMPANY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
<b>NET SALES:</b>				
Third-party customers	\$ 175,857	\$ 271,016	\$ 480,872	\$ 680,480
Related parties	324,775	128,912	898,931	372,659
	<u>500,632</u>	<u>399,928</u>	<u>1,379,803</u>	<u>1,053,139</u>
Cost of goods sold	424,918	387,574	1,267,343	1,028,901
Gross profit	75,714	12,354	112,460	24,238
Other operating expense – net	1,417	2,174	5,705	6,288
Selling, general and administrative expenses	12,146	14,422	32,826	45,875
Operating income (loss)	62,151	(4,242)	73,929	(27,925)
Interest expense	(5,493)	(5,406)	(16,541)	(17,706)
Interest income	23	141	197	458
Net gain (loss) on forward and derivative contracts	353	440	(174)	16,151
Gain on bargain purchase	—	—	—	5,253
Loss on early extinguishment of debt	—	—	—	(3,272)
Other income (expense) – net	(470)	213	(423)	(1,001)
Income (loss) before income taxes and equity in earnings of joint ventures	56,564	(8,854)	56,988	(28,042)
Income tax expense	(6,444)	(1,384)	(7,004)	(4,714)
Income (loss) before equity in earnings of joint ventures	50,120	(10,238)	49,984	(32,756)
Equity in earnings of joint ventures	285	731	661	2,118
Net income (loss)	<u>\$ 50,405</u>	<u>\$ (9,507)</u>	<u>\$ 50,645</u>	<u>\$ (30,638)</u>
Net income (loss) allocated to common stockholders	\$ 46,277	\$ (9,507)	\$ 46,487	\$ (30,638)
<b>EARNINGS (LOSS) PER COMMON SHARE:</b>				
Basic and Diluted	\$ 0.52	\$ (0.11)	\$ 0.52	\$ (0.35)
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>				
Basic	88,827	88,611	88,777	88,588
Diluted	89,532	88,611	89,372	88,588

See notes to consolidated financial statements

CENTURY ALUMINUM COMPANY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
(in thousands)  
(Unaudited)

	Three months ended September		Nine months ended September	
	2014	2013	2014	2013
Comprehensive income (loss):				
Net income (loss)	\$ 50,405	\$ (9,507)	\$ 50,645	\$ (30,638)
Other comprehensive income (loss) before income tax effect:				
Net gain on foreign currency cash flow hedges reclassified as income	(46)	(46)	(139)	(139)
Defined benefit plans and other postretirement benefits:				
Net gain arising during the period		—	440	10,349
Amortization of prior service benefit during the period	(952)	(968)	(2,856)	(2,912)
Amortization of net loss during the period	1,402	1,880	4,207	6,362
Other comprehensive income before income tax effect	404	866	1,652	13,660
Income tax effect	(557)	(383)	(1,837)	(1,148)
Other comprehensive income (loss)	(153)	483	(185)	12,512
Total comprehensive income (loss)	<u>\$ 50,252</u>	<u>\$ (9,024)</u>	<u>\$ 50,460</u>	<u>\$ (18,126)</u>

See notes to consolidated financial statements

**CENTURY ALUMINUM COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share amounts)  
(Unaudited)

	September 30, 2014	December 31, 2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 133,410	\$ 84,088
Restricted cash	1,217	1,697
Accounts receivable — net	50,576	56,184
Due from affiliates	52,452	43,587
Inventories	241,750	239,615
Prepaid and other current assets	29,101	32,276
Deferred taxes	13,614	13,614
Total current assets	522,120	471,061
Property, plant and equipment — net	1,221,705	1,247,661
Other assets	95,656	91,474
<b>TOTAL</b>	<b>\$ 1,839,481</b>	<b>\$ 1,810,196</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Accounts payable, trade	\$ 89,918	\$ 108,490
Due to affiliates	64,917	53,582
Accrued and other current liabilities	46,007	69,466
Accrued employee benefits costs	8,672	8,410
Industrial revenue bonds	7,815	7,815
Total current liabilities	217,329	247,763
Senior notes payable	246,796	246,528
Accrued pension benefits costs — less current portion	40,322	39,848
Accrued postretirement benefits costs — less current portion	129,130	129,284
Other liabilities	38,879	37,743
Deferred taxes	112,694	106,218
Total noncurrent liabilities	567,821	559,621
<b>COMMITMENTS AND CONTINGENCIES (NOTE 10)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Series A Preferred stock (one cent par value, 5,000,000 shares authorized; 160,000 issued and 78,670 outstanding at September 30, 2014; 160,000 issued and 79,620 outstanding at December 31, 2013)	1	1
Common stock (one cent par value, 195,000,000 shares authorized; 93,724,391 issued and 88,937,870 outstanding at September 30, 2014; 93,496,798 issued and 88,710,277 outstanding at December 31, 2013)	937	935
Additional paid-in capital	2,509,631	2,508,574
Treasury stock, at cost	(49,924)	(49,924)
Accumulated other comprehensive loss	(92,017)	(91,832)
Accumulated deficit	(1,314,297)	(1,364,942)
Total shareholders' equity	1,054,331	1,002,812
<b>TOTAL</b>	<b>\$ 1,839,481</b>	<b>\$ 1,810,196</b>

See notes to consolidated financial statements

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

	Nine months ended September 30,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 50,645	\$ (30,638)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Unrealized net gain on forward contracts	—	(762)
Gain on bargain purchase	—	(5,253)
Unrealized gain on E.ON contingent obligation	(1,059)	(16,428)
Accrued and other plant curtailment costs — net	3,267	3,380
Lower of cost or market inventory adjustment	(1,247)	10,286
Depreciation	52,784	49,082
Sebree power contract amortization	(5,534)	(14,461)
Debt discount amortization	268	586
Pension and other postretirement benefits	1,432	(2,674)
Deferred income taxes	6,502	(1,532)
Stock-based compensation	957	961
Loss on early extinguishment of debt	—	3,272
Equity in earnings of joint ventures, net of dividends	(661)	(2,118)
Change in operating assets and liabilities:		
Accounts receivable — net	5,608	(1,063)
Due from affiliates	(8,866)	12,915
Inventories	(889)	(22,848)
Prepaid and other current assets	3,035	(4,892)
Accounts payable, trade	(8,885)	26,547
Due to affiliates	11,336	32,002
Accrued and other current liabilities	(7,566)	2,209
Other — net	(3,413)	3,887
Net cash provided by operating activities	97,714	42,458
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(26,865)	(31,994)
Nordural expansion — Helguvik	(277)	(2,855)
Purchase of carbon anode assets and improvements	(12,280)	(8,519)
Purchase of Sebree smelter	(1,042)	(48,058)
Proceeds from sale of property, plant and equipment	46	515
Restricted and other cash deposits	480	(3,015)
Net cash used in investing activities	\$ (39,938)	\$ (93,926)

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

	Nine months ended September 30,	
	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	\$ (2,603)	\$ (249,604)
Proceeds from issuance of debt	—	246,330
Borrowings under revolving credit facilities	91,731	16,725
Repayments under revolving credit facilities	(97,731)	—
Debt issuance costs	—	(3,994)
Debt retirement costs	—	(1,208)
Issuance of common stock	149	44
Net cash provided by (used in) financing activities	(8,454)	8,293
CHANGE IN CASH AND CASH EQUIVALENTS	49,322	(43,175)
Cash and cash equivalents, beginning of period	84,088	183,976
Cash and cash equivalents, end of period	\$ 133,410	\$ 140,801

See notes to consolidated financial statements

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements  
Three and nine months ended September 30, 2014 and 2013  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

1. General

The accompanying unaudited interim consolidated financial statements of Century Aluminum Company should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013. In management's opinion, the unaudited interim consolidated financial statements reflect all adjustments, which are of a normal and recurring nature, that are necessary for a fair presentation of financial results for the interim periods presented. Operating results for the first nine months of 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. Throughout this Form 10-Q, and unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum," "Century," the "Company", "we," "us," "our" and "ours" refer to Century Aluminum Company and its consolidated subsidiaries.

2. Acquisition of Sebree aluminum 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 annualized hot metal production capacity of 205,000 tonnes of primary aluminum and employs approximately 500 people. The purchase price for the acquisition was \$61,000 (subject to customary working capital adjustments). As part of the transaction, RTA retained all historical environmental liabilities of the Sebree smelter and funded the pension plan assumed by Century in accordance with the purchase agreement.

Working Capital Adjustment

In July 2014, we reached the final determination of the working capital adjustments for the Sebree acquisition, resulting in a final purchase price of \$49,035. As the final determination was subsequent to the expiration of measurement period defined under ASC 805, we recognized a gain of approximately \$965 in the second quarter of 2014 (these adjustments were not included as part of the gain on bargain purchase recorded in 2013). The gain was recorded in other income (expense) – net, from the release of accrued amounts related to the acquisition.

Purchase Price Allocation

Allocating the purchase price to the acquired assets and liabilities involves management judgment. We allocated the purchase price in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 "Business Combinations" using the estimated fair values at the date of acquisition. Based on the final purchase price allocation, we recorded a gain on bargain purchase of \$5,253 in 2013. The following table summarizes the fair value of the assets acquired and the liabilities assumed as of the acquisition date:

		Acquisition Date Fair Value
Consideration:		
Cash	\$	48,083
Deferred purchase price		1,910
Assets Acquired:		
Inventories		59,018
Prepaid and other current assets		2,273
Property, plant and equipment – net		55,520
Total assets acquired	\$	116,811
Liabilities Assumed:		
Accrued and other current liabilities	\$	43,316
Accrued pension benefit costs		996
Accrued post retirement benefit costs		6,544
Other liabilities		7,476
Deferred taxes		3,233
Total liabilities assumed	\$	61,565
Gain on bargain purchase:	\$	5,253



**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

The following unaudited pro forma financial information for the three and nine months ended September 30, 2013 reflects our results of continuing operations as if the acquisition of Sebree had been completed on January 1, 2013. This 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 January 1, 2013, nor is it indicative of the future consolidated results of operations or financial position of the combined companies.

	Nine months ended September 30, 2013	
Pro forma revenues	\$	1,261,533
Pro forma loss from continuing operations		(57,853)
Loss per common share, basic		(0.65)
Loss per common share, diluted		(0.65)

Our net income for the three months ended September 30, 2014 and 2013, includes a non-recurring credit for the amortization of the deferred power contract liability of \$0 and \$11,720, respectively. Our net income for the nine months ended September 30, 2014 and 2013 includes a non-recurring credit for the amortization of the deferred power contract liability of \$5,534 and \$14,461, respectively, related to the amortization of an unfavorable power contract assumed as part of the Sebree acquisition resulting in a credit to our depreciation and amortization expense within cost of goods sold on the consolidated statement of operations for the first quarter of 2014. The power contract terminated on January 31, 2014.

3. Fair value measurements

The following section describes the valuation methodology used to measure our financial assets and liabilities that were accounted for at fair value and are categorized based on the fair value hierarchy described in ASC 820 "Fair Value Measurements and Disclosures."

Overview of Century's valuation methodology

	Level	Significant inputs
Cash equivalents	1	Quoted market prices
Trust assets (1)	1	Quoted market prices
Surety bonds	1	Quoted market prices
E.ON ("E.ON") contingent obligation	3	Quoted London Metal Exchange ("LME") forward market, management's estimates of the LME forward market prices for periods beyond the quoted periods and management's estimate of future level of operations at Century Aluminum of Kentucky, our wholly owned subsidiary ("CAKY")
Primary aluminum sales contract	3	Management's estimates of future U.S. Midwest premium and risk-adjusted discount rates
Midwest premium contracts	3	Management's estimates of future U.S. Midwest premium

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

Fair value measurements

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

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

The following table sets forth our financial assets and liabilities that were accounted for at fair value on a recurring basis by the level of input within the ASC 820 fair value hierarchy. As required by generally accepted accounting principles in the United States ("GAAP") for fair value measurements and disclosures, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and the placement within the fair value hierarchy levels. There were no transfers between Level 1 and 2 during the periods presented. There were no transfers into or out of Level 3 during the periods presented. It is our policy to recognize transfers into and transfers out of Level 3 as of the actual date of the event or change in circumstances that caused the transfer.

Recurring Fair Value Measurements	As of September 30, 2014			
	Level 1	Level 2	Level 3	Total
<b>ASSETS:</b>				
Cash equivalents	\$ 125,960	\$ —	\$ —	\$ 125,960
Trust assets	8,835	—	—	8,835
Surety bonds	1,987	—	—	1,987
<b>TOTAL</b>	<b>\$ 136,782</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 136,782</b>
<b>LIABILITIES:</b>				
E.ON contingent obligation – net (1)	\$ —	\$ —	\$ —	\$ —
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Recurring Fair Value Measurements	As of December 31, 2013			
	Level 1	Level 2	Level 3	Total
<b>ASSETS:</b>				
Cash equivalents	\$ 49,658	\$ —	\$ —	\$ 49,658
Trust assets	11,151	—	—	11,151
Surety bonds	2,002	—	—	2,002
Midwest premium contracts	—	—	140	140
<b>TOTAL</b>	<b>\$ 62,811</b>	<b>\$ —</b>	<b>\$ 140</b>	<b>\$ 62,951</b>
<b>LIABILITIES:</b>				
E.ON contingent obligation – net (1)	\$ —	\$ —	\$ —	\$ —
Primary aluminum sales contract	—	—	140	140
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 140</b>	<b>\$ 140</b>

(1) See [Note 9 Debt](#) for additional information about the E.ON contingent obligation.

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

Change in Level 3 Fair Value Measurements during the three months ended September 30,

	Derivative liabilities – net	
	2014	2013
Beginning balance, July 1,	\$ —	\$ (773)
Total gain included in earnings	—	365
Ending balance, September 30,	\$ — \$ (408)	
Amount of gain included in earnings attributable to the change in unrealized losses relating to assets and liabilities held at September 30,	\$ —	\$ 365

Change in Level 3 Fair Value Measurements during the nine months ended September 30,

	Derivative liabilities – net	
	2014	2013
Beginning balance, January 1,	\$ —	\$ (16,539)
Total gain (loss) included in earnings	(940)	16,131
Settlements	940	—
Ending balance, September 30,	\$ — \$ (408)	
Amount of gain included in earnings attributable to the change in unrealized losses relating to assets and liabilities held at September 30,	\$ —	\$ 16,131

The net gain (loss) on our derivative assets and liabilities is recorded in our consolidated statements of operations under net gain (loss) on forward and derivative contracts. See [Note 4 Derivative and hedging instruments](#) for the location of our Level 3 derivative assets and liabilities within our consolidated balance sheets.

4. Derivative and hedging instruments

The following table provides the fair value and balance sheet classification of our derivatives:

Fair Value of Derivative Assets and Liabilities

	Balance sheet location		September 30, 2014		December 31, 2013
<b>DERIVATIVE ASSETS:</b>					
Midwest premium contracts	Prepaid and other current assets	\$	—	\$	140
<b>TOTAL</b>		\$	—	\$	140
<b>DERIVATIVE LIABILITIES:</b>					
Primary aluminum sales contract	Accrued and other current liabilities	\$	—	\$	140
E.ON contingent obligation – net (1)	Other liabilities		—		—
<b>TOTAL</b>		\$	—	\$	140

(1) See [Note 9 Debt](#) for additional information about the E.ON contingent obligation.

Midwest premium contracts

We entered into a fixed-price forward contract that settled monthly from January 2014 to March 2014 based on the Midwest premium price published in the Platts Metals Week for the applicable period. Losses associated with the settlements of the U.S. Midwest premium contracts were recorded in net gain (loss) on forward and derivative contracts on the consolidated statement of operations.

**CENTURY ALUMINUM COMPANY**

Condensed Notes to the Consolidated Financial Statements (continued)

(amounts in thousands, except share and per share amounts)

(Unaudited)

Primary aluminum sales contract

We had a contract to sell to Glencore plc (together with its subsidiaries, "Glencore") primary aluminum produced at Mt. Holly, Hawesville and Sebree through December 31, 2013 (the "Glencore Metal Agreement"). The Glencore Metal Agreement was a physical delivery contract for primary aluminum with variable, LME-based pricing. Under the Glencore Metal Agreement, pricing was based on market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium. We accounted for the Glencore Metal Agreement as a derivative instrument under ASC 815 "Derivatives and Hedging." Gains and losses on the derivative were based on the difference between the contracted U.S. Midwest premium and actual and forecasted U.S. Midwest premiums. Settlements were recorded in related party sales. Unrealized gains (losses) based on forecasted U.S. Midwest premiums were recorded in net gain (loss) on forward and derivative contracts on the consolidated statements of operations. Derivatives not designated as hedging instruments:

		Gain (loss) recognized in income from derivatives			
Location		Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
E.ON contingent obligation – net	Net gain (loss) on forward and derivative contracts	\$ 353	\$ 353	\$ 1,059	\$ 16,428
Midwest premium contracts	Net gain (loss) on forward and derivative contracts	—	363	(1,080)	363
Primary aluminum sales contract	Related party sales	—	278	292	1,039
Primary aluminum sales contract	Net gain (loss) on forward and derivative contracts	—	(276)	(153)	(640)
E.ON contingent obligation – net	Interest expense – third party	(353)	(353)	(1,059)	(1,059)

We had the following outstanding forward contracts that were not designated as hedging instruments:

	September 30, 2014	December 31, 2013
Primary aluminum sales contract premium (tonnes) (1)	—	1,782
Midwest premium contracts (tonnes)	—	6,000

(1) Represents the remaining physical deliveries under the Glencore Metal Agreement.

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

5. Earnings (loss) per share

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

Our Series A Convertible Preferred Stock has similar characteristics to a "participating security" as described by ASC 260 "Earnings Per Share" and we calculate the amount of earnings (loss) available to common shareholders and basic EPS using the Two-Class Method earnings allocation formula, allocating undistributed income to our preferred shareholder consistent with their participation rights, and diluted EPS using the If-Converted Method when applicable.

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

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

The following table shows the basic and diluted earnings (loss) per share for the three and nine months ended September 30, 2014 and 2013:

	2014			2013		
	Income	Shares (000)	Per-Share	Loss	Shares (000)	Per-Share
Net income (loss)	\$ 50,405			\$ (9,507)		
Amount allocated to common stockholders (1)	91.81%			100%		
Basic EPS:						
Income (loss) allocable to common stockholders	46,277	88,827	\$ 0.52	(9,507)	88,611	\$ (0.11)
Effect of Dilutive Securities:						
Share-based compensation plans	—	705		—	—	
Diluted EPS:						
Income (loss) applicable to common stockholders with assumed conversion	\$ 46,277	89,532	\$ 0.52	\$ (9,507)	88,611	\$ (0.11)

  

	2014			2013		
	Income	Shares (000)	Per-Share	Loss	Shares (000)	Per-Share
Net income (loss)	\$ 50,645			\$ (30,638)		
Amount allocated to common stockholders (1)	91.79%			100%		
Basic EPS:						
Income (loss) allocable to common stockholders	46,487	88,777	\$ 0.52	(30,638)	88,588	\$ (0.35)
Effect of Dilutive Securities:						
Share-based compensation plans	—	595		—	—	
Diluted EPS:						
Income (loss) applicable to common stockholders with assumed conversion	\$ 46,487	89,372	\$ 0.52	\$ (30,638)	88,588	\$ (0.35)

(1) We have not allocated net losses between common and preferred stockholders, as the holders of our preferred shares do not have a contractual obligation to share in the loss.

Securities excluded from the calculation of diluted EPS:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Stock options (1)	338,433	620,334	344,433	620,334
Service-based share awards (1)	—	573,628	—	522,032

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

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

6. Shareholders' equity

Common Stock

Under our Restated Certificate of Incorporation, our Board of Directors is authorized to issue up to 195,000,000 shares of our common stock.

The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock which are currently outstanding, including our Series A Convertible Preferred Stock, or which we may designate and issue in the future.

Stock Repurchase Program

In August 2011, our Board of Directors approved a stock repurchase program. Under the program, we may repurchase up to \$60,000 of our outstanding shares of common stock from time to time on the open market at prevailing market prices, in block trades or otherwise. The timing and amount of any shares repurchased is determined by our management based on its evaluation of market conditions, the trading price of the stock and other factors. The repurchase program may be expanded, suspended or discontinued at any time.

Shares of common stock repurchased are recorded at cost as treasury stock and result in a reduction of shareholders' equity in the consolidated balance sheets. From time to time, treasury shares may be reissued as contributions to our employee benefit plans and for the conversion of convertible preferred stock. When shares are reissued, we use an average cost method for determining cost. The difference between the cost of the shares and the reissuance price is added to or deducted from additional paid-in capital.

From August 11, 2011 through September 30, 2014, we repurchased 4,786,521 shares of common stock for an aggregate purchase price of \$49,924. We have made no repurchases since March 2012 and had approximately \$10,076 remaining under the repurchase program authorization as of September 30, 2014.

Series A Convertible Preferred Stock

Glencore holds all of the issued and outstanding Series A Convertible Preferred Stock. The issuance of common stock under our stock incentive programs, debt exchange transactions and any stock offering that excludes Glencore participation triggers anti-dilution provisions of the preferred stock agreement and results in the automatic conversion of Series A Convertible Preferred Stock shares into shares of common stock. The Common and Preferred Stock Activity table below contains additional information about preferred stock conversions during the nine months ended September 30, 2014 and 2013.

Common and Preferred Stock Activity:

(in shares)	Preferred stock		Common stock	
	Series A convertible	Treasury	Outstanding	
Beginning balance as of December 31, 2013	79,620	4,786,521	88,710,277	
Conversion of convertible preferred stock	(950)	—	95,039	
Issuance for share-based compensation plans	—	—	132,554	
Ending balance as of September 30, 2014	<u>78,670</u>	<u>4,786,521</u>	<u>88,937,870</u>	
Beginning balance as of December 31, 2012	80,283	4,786,521	88,548,637	
Conversion of convertible preferred stock	(549)	—	54,825	
Issuance for share-based compensation plans	—	—	79,469	
Ending balance as of September 30, 2013	<u>79,734</u>	<u>4,786,521</u>	<u>88,682,931</u>	

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

7. Income taxes

We recorded income tax expense for the nine months ended September 30, 2014 of \$7,004, which primarily consisted of foreign and state income taxes. Our domestic deferred tax assets, net of deferred tax liabilities, are subject to a valuation allowance; therefore, the domestic losses were not benefited.

We recorded income tax expense for the nine months ended September 30, 2013 of \$4,714, which primarily consisted of foreign and state income taxes.

Our income tax benefit or expense is based on an annual effective tax rate forecast, including estimates and assumptions that could change during the year. The application of the requirements for accounting for income taxes in interim periods, after consideration of our valuation allowance, causes a significant variation in the typical relationship between income tax expense and pretax accounting income.

As of September 30, 2014, all of Century's U.S. and certain foreign deferred tax assets, net of deferred tax liabilities, continue to be subject to a valuation allowance. The realization of these assets is dependent on substantial future taxable income which, at September 30, 2014, is not more likely than not to be achieved.

Our Icelandic tax returns are subject to examination beginning with the 2008 tax year. A review of our 2010 through 2012 tax years was recently completed by the Directorate of Internal Revenue of Iceland and no further action is expected for this matter.

8. Inventories

Inventories consist of the following:

	September 30, 2014	December 31, 2013
Raw materials	\$ 67,145	\$ 69,776
Work-in-process	21,597	22,183
Finished goods	16,722	17,661
Operating and other supplies	136,286	129,995
Inventories	<u>\$ 241,750</u>	<u>\$ 239,615</u>

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

9. Debt

	September 30, 2014	December 31, 2013
Debt classified as current liabilities:		
Hancock County industrial revenue bonds ("IRBs") due 2028, interest payable quarterly (variable interest rates (not to exceed 12%)) (1)	\$ 7,815	\$ 7,815
7.5% senior unsecured notes due August 15, 2014, interest payable semiannually (2)(3)	—	2,603
Iceland revolving credit facility (3)(4)	—	6,000
Debt classified as non-current liabilities:		
7.5% senior secured notes due June 1, 2021, net of debt discount of \$3,204 and \$3,472, respectively, interest payable semiannually	246,796	246,528
TOTAL	<u>\$ 254,611</u>	<u>\$ 262,946</u>

- (1) The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The IRB interest rate at September 30, 2014 was 0.24%.
- (2) The amount outstanding was repaid upon maturity.
- (3) These items are recorded in accrued and other current liabilities based on the repayment terms and expected maturity.
- (4) Borrowings under the Iceland revolving credit facility bear variable interest based on LIBOR plus the applicable margin per annum. The interest rate at December 31, 2013 was 3.92%.

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

**U.S. Revolving Credit Facility**

General. We and certain of our direct and indirect domestic subsidiaries (together with Century, the "Borrowers") and Wells Fargo Capital Finance, LLC, as lender and agent, and Credit Suisse AG, BNP Paribas, and Morgan Stanley Senior Funding Inc., as lenders, are parties to the Amended and Restated Loan and Security Agreement (the "U.S. revolving credit facility"), dated May 24, 2013, as amended. The U.S. revolving credit facility has a term through May 24, 2018 and provides for borrowings of up to \$150,000 in the aggregate, including up to \$80,000 under a letter of credit sub-facility. Any letters of credit issued and outstanding under the U.S. revolving credit facility reduce our borrowing availability on a dollar-for-dollar basis. See [Note 17. Subsequent events](#) for additional information about an amendment to the U.S. revolving credit facility.

Status of our U.S. revolving credit facility:

		September 30, 2014
Credit facility maximum amount	\$	148,560
Borrowing availability, net of outstanding letters of credit		76,327
Outstanding borrowings		—
Letter of credit sub-facility amount		80,000
Outstanding letters of credit issued		72,233

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

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

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

**Iceland Revolving Credit Facility**

General. Nordural Grundartangi ehf, as borrower, and Landsbankinn hf., as lender, entered into a three-year \$50,000 Committed Revolving Credit Facility agreement (the "Iceland revolving credit facility"), dated November 27, 2013. Grundartangi may in the future use the Iceland revolving credit facility to repay existing indebtedness or to finance capital expenditures and for ongoing working capital needs and other general corporate purposes. Under the terms of the Iceland revolving credit facility, when Grundartangi borrows funds it will designate a repayment date, which may be any date prior to the maturity of the Iceland revolving credit facility. The Iceland revolving credit facility has a term through November 27, 2016.

Status of our Iceland revolving credit facility:

		September 30, 2014
Credit Facility maximum amount	\$	50,000
Borrowing availability		50,000
Outstanding borrowings		—

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



**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

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

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

7.5% Notes due 2021

General. On June 4, 2013, we issued \$250,000 of our 7.5% Notes due 2021 (the "7.5% Notes") in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended. The 7.5% Notes were issued at a discount and we received proceeds of \$246,330, prior to payment of financing fees and related expenses.

Interest rate. The 7.5% Notes bear interest at 7.5% per annum on the principal amount, payable semi-annually in arrears in cash on June 1 and December 1 of each year.

Maturity. The 7.5% Notes mature on June 1, 2021.

E.ON contingent obligation

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

Based on the LME forward market prices for primary aluminum at September 30, 2014 and management's estimate of the LME forward market for periods beyond the quoted periods, we recognized a derivative asset which offsets our contingent obligation. As a result, our net liability decreased and we recorded a gain of \$1,059 and \$16,428 in net gain (loss) on forward and derivative contracts for the nine months ended September 30, 2014 and 2013, respectively. In addition, we believe that we will not have any payment obligations for the E.ON contingent obligation through the term of the agreement, which expires in 2028. However, future increases in the LME forward market may result in a partial or full derecognition of the derivative asset and a corresponding recognition of a loss. The following table provides information about the balance sheet location and gross amounts offset:

Offsetting of financial instruments and derivatives		September 30, 2014		December 31, 2013	
	Balance sheet location				
E.ON contingent obligation – principal	Other liabilities	\$	(12,902)	\$	(12,902)
E.ON contingent obligation – accrued interest	Other liabilities		(4,938)		(3,879)
E.ON contingent obligation – derivative asset	Other liabilities		17,840		16,781
		\$	—	\$	—

CENTURY ALUMINUM COMPANY  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

10. Commitments and contingencies

Environmental Contingencies

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

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were \$1,340 and \$999 at September 30, 2014 and December 31, 2013, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries. With respect to costs for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred.

In July 2006, we were named as a defendant, together with certain affiliates of Alcan Inc., in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California, which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC in July 1999. The complaint also seeks costs and attorney fees. The matter is in a preliminary stage in the U.S. District Court for the District of Delaware, and we cannot predict the ultimate outcome of this action or estimate a range of possible losses related to this matter at this time.

Matters relating to the St. Croix Alumina Refining Facility

We are a party to a United States Environmental Protection Agency Administrative Order on Consent (the "Order") pursuant to which certain past and present owners of an alumina refining facility at St. Croix, Virgin Islands (the "St. Croix Alumina Refinery") have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. In connection with the sale of the facility by Lockheed Martin Corporation ("Lockheed") to one of our affiliates, Virgin Islands Alumina Corporation ("Vialco"), in 1989, Lockheed, Vialco and Century entered into the Lockheed-Vialco Asset Purchase Agreement. The indemnity provisions contained in the Lockheed-Vialco Asset Purchase Agreement allocate responsibility for certain environmental matters. Lockheed has tendered indemnity to Vialco. We have likewise tendered indemnity to Lockheed. Through September 30, 2014, we have expended approximately \$1,033 on the Hydrocarbon Recovery Plan. At this time, we are not able to estimate the amount of any future potential payments under this indemnification to comply with the Order, but we do not anticipate that any such amounts will have a material adverse effect on our financial condition, results of operations or liquidity, regardless of the final outcome. Vialco sold the St. Croix Alumina Refinery to St. Croix Alumina, LLC, a subsidiary of Alcoa in 1995.

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

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

**Legal Contingencies**

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

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

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

**Ravenswood Retiree Medical Benefits changes**

In November 2009, Century Aluminum of West Virginia ("CAWV") filed a class action complaint for declaratory judgment against the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USWA"), the USWA's local and certain CAWV retirees, individually and as class representatives, seeking a declaration of CAWV's rights to modify/terminate retiree medical benefits. Later in November 2009, the USWA and representatives of a retiree class filed a separate suit against CAWV, Century Aluminum Company, Century Aluminum Master Welfare Benefit Plan, and various John Does with respect to the foregoing. These actions, entitled Dewhurst, et al. v. Century Aluminum Co., et al., and Century Aluminum of West Virginia, Inc. v. United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO/CLC, et al., have been consolidated and venue has been set in the District Court for the Southern District of West Virginia. In January 2010, the USWA filed a motion for preliminary injunction to prevent us from implementing any modifications to the retiree medical benefits while these lawsuits are pending, which was dismissed by the trial court, and affirmed upon appeal. CAWV has filed a motion for summary judgment of these actions. The case in chief is currently proceeding in the trial court, subject to the court's ruling on the motion for summary judgment.

**PBGC Settlement**

In June 2011, the Pension Benefit Guaranty Corporation (the "PBGC") informed us that it believed a "cessation of operations" under ERISA had occurred at our Ravenswood facility as a result of the curtailment of operations at the facility. Although we disagree that a "cessation of operations" occurred, we entered into a settlement agreement with the PBGC in April 2013 to resolve the matter. Pursuant to the terms of the agreement, we will make additional contributions (above any minimum required contributions) to our defined benefit pension plans totaling approximately \$17,400 over the term of the agreement. During 2013, we made contributions pursuant to this agreement of approximately \$6,700. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we may defer one or more of these payments, but we would be required to provide the PBGC with acceptable security for any deferred payments. In the first quarter of 2014, we elected to defer contributions for 2014 under the PBGC agreement and have provided the PBGC with the appropriate security.

CENTURY ALUMINUM COMPANY  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

Power Commitments and Contingencies

Hawesville

We are party to a power supply arrangement with Kenergy and Big Rivers, in effect since August 2013, which provides market-based power to the Hawesville smelter. Under this arrangement, the power companies purchase power on the open market and pass it through to Hawesville at Midcontinent Independent System Operator ("MISO") pricing plus transmission and other costs incurred by them. In connection with this power arrangement, CAKY has received approval from applicable regional transmission organizations and regulatory bodies regarding grid stability and energy import capability.

Sebree

We are party to a power supply arrangement with Kenergy and Big Rivers, effective since January 2013, which provides market-based power to the Sebree smelter. Similar to the arrangement at Hawesville, the power companies purchase power on the open market and pass it through to Sebree at MISO pricing plus transmission and other costs incurred by them.

Mt. Holly

Mt. Holly has a power purchase agreement (the "Santee Cooper Agreement") with the South Carolina Public Service Authority ("Santee Cooper") with a term through December 2015. The Santee Cooper Agreement provides power for Mt. Holly's full production capacity requirements at prices based on published rate schedules (which are subject to change), with adjustments for fuel prices and other items. The Santee Cooper Agreement restricts Mt. Holly's ability to reduce its power consumption (or the associated payment obligations) below contracted levels and to terminate the agreement, unless, in each case, the LME falls below certain negotiated levels.

In 2012, Mt. Holly and Santee Cooper amended the terms of the Santee Cooper Agreement in order to allow Mt. Holly to receive all or a portion of Mt. Holly's supplemental power requirements from an off-system natural gas-fired power generation facility (the "off-system facility"). The energy charge for supplemental power from the off-system facility is based, among other factors, on the cost of natural gas rather than Santee Cooper's system average fuel costs, which are primarily coal-based. The amended power agreement provides that Mt. Holly may continue to receive its supplemental power requirements from the off-system facility through December 31, 2015.

On June 30, 2014, Mt. Holly gave notice to Santee Cooper under the Santee Cooper Agreement to reduce the contract demand to zero effective December 31, 2015. We are continuing discussions with Santee Cooper and other parties regarding power arrangements for Mt. Holly following December 31, 2015.

Ravenswood

CAWV has a power purchase agreement (the "APCo Agreement") with the Appalachian Power Company ("APCo"). CAWV currently purchases a limited amount of power under the APCo Agreement as necessary to maintain its Ravenswood smelter, which is presently curtailed. Power is supplied under the APCo Agreement at prices set forth in published tariffs (which are subject to change), with certain adjustments.

Grundartangi

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

In the fourth quarter of 2011, an additional 47.5 MW of power became available under a power purchase agreement with OR. This power can be used at either Grundartangi or Helgúvík and is currently being utilized at Grundartangi.

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

In June 2012, Nordural Grundartangi ehf entered into a supplemental power contract with Landsvirkjun. The supplemental power contract, which will expire in October 2029 (or upon the occurrence of certain earlier events), will provide Nordural Grundartangi ehf with supplemental power, as Nordural Grundartangi ehf may request from time to time, at LME-based variable rates. Nordural Grundartangi ehf has agreed to make certain prepayments to Landsvirkjun for power expected to be used at a later date in connection with the contract, which will reduce the price paid for power at the time of consumption. As of September 30, 2014, these power prepayments totaled approximately \$2,267. We do not expect to realize the benefits from the prepayments in the near term.

**Helguvik**

Nordural Helguvik ehf has power purchase agreements with HS and OR to provide power to the Helguvik project. These power purchase agreements provide power at LME-based variable rates and contain take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreements. The first stage of power under the OR power purchase agreement (approximately 47.5 MW) became available in the fourth quarter of 2011 and is currently being utilized at Grundartangi.

The power purchase agreements with HS and OR to provide power to Helguvik contain certain conditions to HS's and OR's obligations. HS (with respect to all phases) and OR (with respect to all phases other than the first phase) have alleged that certain of these conditions have not been satisfied. Nordural Helguvik ehf is in discussions with both HS and OR with respect to such conditions and other matters pertaining to these agreements.

In July 2014, HS commenced arbitration proceedings against Nordural Helguvik ehf seeking, among other things, an order declaring, (i) that the conditions to the power contract have not been fulfilled and, (ii) that the power contract is therefore no longer valid. Nordural Helguvik ehf believes HS' renewed claims are without merit and intends to defend itself against them.

In June 2014, Nordural Helguvik ehf entered into a supplemental power contract with OR. The supplemental power contract will expire in October 2036 (or upon the occurrence of certain earlier events) and will provide Grundartangi or Helguvik with supplemental power at LME-based rates, as may be requested from Grundartangi or Helguvik from time to time.

**Other Commitments and Contingencies**

**Labor Commitments**

Approximately 73% of our U.S. based work force is represented by the USWA. CAKY's Hawesville employees represented by the USWA are under a collective bargaining agreement that expires on March 31, 2015. The Seabee employees represented by the USWA are under a collective bargaining agreement that expires on October 28, 2019.

Approximately 82% of Grundartangi's work force is represented by five labor unions, governed by a labor agreement that expires on December 31, 2014.

Approximately 77% of Vlissingen's work force is represented by the Federation for the Metal and Electrical Industry ("FME"), governed by a labor agreement that expires on May 1, 2015.

The labor agreement for CAWV's Ravenswood plant employees represented by the USWA expired on August 31, 2010.

**11. Forward delivery contracts and financial instruments**

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

## CENTURY ALUMINUM COMPANY

Condensed Notes to the Consolidated Financial Statements (continued)

(amounts in thousands, except share and per share amounts)

(Unaudited)

### Forward Physical Delivery Agreements

#### Primary Aluminum Sales Contracts

Contract	Customer	Volume	Term	Pricing
Glencore Grundartangi Metal Agreement (1)	Glencore	All primary aluminum produced at Grundartangi, net of tolling and other sales commitments	January 1, 2014 through December 31, 2017	Variable, based on LME and European Duty Paid premium
Southwire Metal Agreement (2)	Southwire	216 million pounds per year (high conductivity molten aluminum)	January 1, 2014 through December 31, 2014	Variable, based on U.S. Midwest Transaction Price

(1) The Glencore Grundartangi Metal Agreement is for all metal produced at Grundartangi from 2014 through 2017 less commitments under existing tolling and other sales contracts. Grundartangi currently estimates that it will sell Glencore approximately 155,000 tonnes of aluminum under this agreement in 2014.

(2) Southwire may, at its option, increase the volume purchased under the agreement by up to four percent by adjusting their monthly metal commitment.

#### Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Glencore Toll Agreement	Glencore	90,000 tonnes per year ("tpy")	Through July 2016	Variable, based on LME and European Duty Paid premium
Glencore Toll Agreement	Glencore	49,000 tpy	Through December 31, 2014	Variable, based on LME and European Duty Paid premium

Apart from the Glencore Grundartangi Metal Agreement, the Southwire Metal Agreement and the Glencore Sweep

Agreement (a contract for all metal produced in the U.S. in 2013, less existing sales agreements and valued-added metal sales, which expired at the end of 2013), we had the following forward delivery contractual commitments:

Other forward delivery contracts

	September 30, 2014	December 31, 2013
	(in tonnes)	
Other forward delivery contracts – total	72,025	118,373
Other forward delivery contracts – Glencore	40,760	20,008
Other forward delivery contracts – fixed price	500	—
Other forward delivery contracts – fixed price with Glencore	480	—

We had no outstanding primary aluminum forward financial sales contracts at September 30, 2014. We had no fixed price forward financial contracts to purchase aluminum at September 30, 2014.

#### Forward Financial Instruments

We are party to various forward financial and physical delivery contracts, which are accounted for as derivative instruments. See [Note 4 Derivative and hedging instruments](#) for additional information about these instruments.

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

12. Supplemental cash flow information

	Nine months ended September 30,	
	2014	2013
Cash paid for:		
Interest	\$ 9,684	\$ 11,293
Income/withholding taxes (1)	10,079	27,254
Non-cash investing activities:		
Accrued capital costs	\$ 663	\$ 5,734
<p>(1) We paid withholding taxes in Iceland on intercompany dividends of \$5,491 and \$18,067 during the nine months ended September 30, 2014 and 2013, respectively. Our tax payments in Iceland for withholding taxes, income taxes and any associated refunds are denominated in Icelandic kronur ("ISK").</p>		

13. Asset retirement obligations ("ARO")

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

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

	Nine months ended September 30, 2014		Year ended December 31, 2013	
Beginning balance, ARO liability	\$ 27,113	\$ 16,124		
Additional ARO liability incurred	1,493	1,730		
ARO liabilities settled	(3,547)	(2,580)		
Accretion expense	1,114	1,733		
Additional ARO liability from Sebree acquisition	—	10,106		
Ending balance, ARO liability	\$ 26,173	\$ 27,113		

Certain conditional AROs related to the disposal costs of fixed assets at our primary aluminum facilities have not been recorded because they have an indeterminate settlement date. These conditional AROs will be initially recognized in the period in which sufficient information exists to estimate their fair value.

14. Components of accumulated other comprehensive loss

	September 30, 2014		December 31, 2013	
Defined benefit plan liabilities	\$ (90,386)	\$ (92,177)		
Equity in investee other comprehensive income (1)	(12,651)	(12,650)		
Unrealized loss on financial instruments	(1,202)	(1,064)		
Other comprehensive loss before income tax effect	(104,239)	(105,891)		
Income tax effect (2)	12,222	14,059		
Accumulated other comprehensive loss	\$ (92,017)	\$ (91,832)		

(1) The amount includes our equity in the other comprehensive income of Mt. Holly.

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

	September 30, 2014		December 31, 2013	
Defined benefit plan liabilities	\$ 12,445	\$ 14,256		
Equity in investee other comprehensive income	368	418		
Unrealized loss on financial instruments	(591)	(615)		

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive loss ("AOCI"):

	Defined benefit plan and other postretirement liabilities	Equity in investee other comprehensive income	Unrealized loss on financial instruments	Total, net of tax
Balance, July 1, 2014	\$ (77,843)	\$ (12,266)	\$ (1,755)	\$ (91,864)
Other comprehensive income (loss) before reclassifications	—	(17)	—	(17)
Net amount reclassified to net income	(98)	—	(38)	(136)
Balance, September 30, 2014	<u>\$ (77,941)</u>	<u>\$ (12,283)</u>	<u>\$ (1,793)</u>	<u>\$ (92,017)</u>
Balance, July 1, 2013	\$ (125,302)	\$ (12,258)	\$ (1,603)	\$ (139,163)
Other comprehensive income (loss) before reclassifications	—	(17)	—	(17)
Net amount reclassified to net loss	538	—	(38)	500
Balance, September 30, 2013	<u>\$ (124,764)</u>	<u>\$ (12,275)</u>	<u>\$ (1,641)</u>	<u>\$ (138,680)</u>
Balance, December 31, 2013	\$ (77,921)	\$ (12,232)	\$ (1,679)	\$ (91,832)
Other comprehensive income (loss) before reclassifications	440	(51)	—	389
Net amount reclassified to net income	(460)	—	(114)	(574)
Balance, September 30, 2014	<u>\$ (77,941)</u>	<u>\$ (12,283)</u>	<u>\$ (1,793)</u>	<u>\$ (92,017)</u>
Balance, December 31, 2012	\$ (137,441)	\$ (12,224)	\$ (1,527)	\$ (151,192)
Other comprehensive income (loss) before reclassifications	10,349	(51)	—	10,298
Net amount reclassified to net loss	2,328	—	(114)	2,214
Balance, September 30, 2013	<u>\$ (124,764)</u>	<u>\$ (12,275)</u>	<u>\$ (1,641)</u>	<u>\$ (138,680)</u>



**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

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

AOCI Components	Location	For the three months ended September 30,		For the nine months ended September 30,	
		2014	2013	2014	2013
Defined benefit plan and other postretirement liabilities	Cost of goods sold	\$ 308	\$ 764	\$ 924	\$ 2,758
	Selling, general and administrative expenses	142	148	427	692
	Income tax expense	(548)	(374)	(1,811)	(1,122)
	Net of tax	<u>\$ (98)</u>	<u>\$ 538</u>	<u>\$ (460)</u>	<u>\$ 2,328</u>
Equity in investee other comprehensive income	Cost of goods sold	\$ —	\$ —	\$ —	\$ —
	Income tax expense	(17)	(17)	(51)	(51)
	Net of tax	<u>\$ (17)</u>	<u>\$ (17)</u>	<u>\$ (51)</u>	<u>\$ (51)</u>
Unrealized loss on financial instruments	Cost of goods sold	\$ (46)	\$ (46)	\$ (139)	\$ (139)
	Income tax expense	8	8	25	25
	Net of tax	<u>\$ (38)</u>	<u>\$ (38)</u>	<u>\$ (114)</u>	<u>\$ (114)</u>

15. Components of net periodic benefit cost

	Pension Benefits			
	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Service cost	\$ 1,333	\$ 1,686	\$ 3,999	\$ 3,292
Interest cost	2,871	2,903	8,612	6,293
Expected return on plan assets	(3,550)	(3,723)	(10,648)	(7,337)
Amortization of prior service costs	9	30	27	85
Amortization of net loss	477	723	1,430	2,428
Curtailment	—	—	—	(18)
Net periodic benefit cost	<u>\$ 1,140</u>	<u>\$ 1,619</u>	<u>\$ 3,420</u>	<u>\$ 4,743</u>
	Other Postretirement Benefits ("OPEB")			
	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Service cost	\$ 397	\$ 700	\$ 1,191	\$ 1,862
Interest cost	1,603	1,474	4,809	4,230
Amortization of prior service cost	(961)	(998)	(2,883)	(2,997)
Amortization of net loss	925	1,157	2,777	3,934
Curtailment	—	—	—	(20)
Net periodic benefit cost	<u>\$ 1,964</u>	<u>\$ 2,333</u>	<u>\$ 5,894</u>	<u>\$ 7,009</u>

Employer contributions

During the nine months ended September 30, 2014, we made contributions of approximately \$3,296 to the qualified defined benefit plans we sponsor.

**CENTURY ALUMINUM COMPANY**  
Condensed Notes to the Consolidated Financial Statements (continued)  
(amounts in thousands, except share and per share amounts)  
(Unaudited)

16. Recently issued accounting standards updates

In May 2014, the FASB and International Accounting Standards Board ("IASB") issued their final standard on revenue from contracts with customers. The standard, issued as ASU 2014-09 "Revenue From Contracts with Customers" by the FASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance.

The core principal of the new revenue model is that "an entity recognizes revenue for the transfer of promised goods and services to customers in the amount that reflects the expected consideration for those goods and services." When applying the revenue model to contracts within the scope of the ASU, an entity:

- identifies the contract with a customer
- identifies the performance obligations in the contract
- determines the transaction price
- allocates the transaction price to the performance obligations in the contract
- recognizes revenue when (or as) the entity satisfies the performance obligations.

Compared with current GAAP, the ASU requires significantly expanded disclosures about revenue recognition.

The ASU is effective for Century for our fiscal year 2017 and thereafter. Early adoption is not permitted. We are currently evaluating the impact of adoption on our consolidated financial position, results of operations and cash flows.

17. Subsequent events

We have evaluated all subsequent events through the date the financial statements were issued.

Agreement to acquire full ownership of Mt. Holly aluminum smelter

On October 23, 2014, we announced that our wholly owned subsidiary, Berkeley Aluminum, Inc. ("Berkeley"), had entered into a stock purchase agreement (the "Stock Purchase Agreement") with Alumax Inc. ("Alumax"), a wholly-owned subsidiary of Alcoa Inc. ("Alcoa"), pursuant to which, upon closing, Century will acquire Alcoa's 50.3% stake in Mt. Holly. Following the closing of the transaction, Century will own 100% of Mt. Holly. Mt. Holly, located in Berkeley County, South Carolina, employs approximately 600 people and has an annual production capacity of 229,000 tonnes of primary aluminum.

Pursuant to the terms of the Stock Purchase Agreement, Berkeley has agreed to acquire all of the issued and outstanding shares of capital stock of Alumax of South Carolina Inc., a wholly owned subsidiary of Alumax for \$67,500 in cash less certain amounts owed by Alumax to Mt. Holly and subject to working capital and other similar adjustments (the "Acquisition"). The Acquisition is expected to close in the fourth quarter of 2014 and is subject to customary closing conditions. Century expects to pay for the Acquisition with available cash on hand and borrowings under its revolving credit facility.

Amendment to U.S. revolving credit facility

On October 23, 2014, we entered into an amendment to the U.S. revolving credit facility, pursuant to which the participating banks consented to the Acquisition and revised certain covenants for a 120-day period following the Acquisition to permit the transaction. The amendment also increased Century's letter of credit sub-facility from \$80,000 to \$100,000. See [Note 9 Debt](#) for additional information about the U.S. revolving credit facility.

## FORWARD-LOOKING STATEMENTS

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

Forward-looking statements in this quarterly report and in our other SEC reports, for example, may include statements regarding:

- Future global and local financial and economic conditions;
- Our assessment of the aluminum market and aluminum prices (including premiums);
- The future financial and operating performance of the Company, its subsidiaries and its projects;
- Future earnings, operating results and liquidity;
- Future inventory, production, sales, cash costs and capital expenditures;
- Our business objectives, strategies and initiatives, the growth of our business (including with respect to production and production capacity) and our competitive position and prospects;
- Our ability to procure alumina, carbon products and other raw materials and our assessment of pricing and costs and other terms relating thereto;
- Access to existing or future financing arrangements;
- Our ability to repay debt in the future, including the E.ON contingent obligation;
- Estimates of our pension and other postretirement liabilities and future payments, property plant and equipment impairment, environmental liabilities and other contingent liabilities and contractual commitments;
- Our ability to successfully manage transmission issues and wholesale market power price risk and to control or reduce power costs;
- Our assessment of power pricing and our ability to successfully obtain and/or implement long-term competitive power arrangements for our operations and projects;
- Our ability to successfully produce value-added products at our smelters;
- Future construction investment and development, including at the Helgøvik Project, the Vlissingen project and our expansion project at Grundartangi, including our discussions regarding securing sufficient amounts of power, future capital expenditures, the costs of completion or cancellation, timing, production capacity and sources of funding;
- Our ability to successfully complete and derive benefit from the acquisition of Mt. Holly;
- Our ability to realize the potential benefits to be provided to Grundartangi and our planned Helgøvik smelter from the purchase by Century Vlissingen of carbon anode production assets in the Netherlands;
- Our plans with respect to restarting operations at our Ravenswood, West Virginia smelter, and potential curtailment of other domestic assets and ability to realize benefits from any such curtailment;
- The anticipated impact of recent accounting pronouncements or changes in accounting principles;
- Our anticipated tax liabilities, benefits or refunds including the realization of U.S. and certain foreign deferred tax assets;
- Our assessment of the ultimate outcome of outstanding litigation and environmental matters and liabilities relating thereto; and
- The effect of future laws and regulations.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Important factors that could cause actual results and events to differ from those described in such forward-looking statements can be found in the risk factors and forward-looking statements cautionary language contained in our Annual Report on Form 10-K, quarterly reports on Form 10-Q and in other filings made with the Securities and Exchange Commission. Although we have attempted to identify those material factors that could cause actual results or events to differ from those described in such forward-looking statements, there may be other factors that could cause results or events to differ from those anticipated, estimated or intended. Many of these factors are beyond our ability to control or predict. Given these uncertainties, the reader is cautioned not to place undue reliance on our forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Recent Developments

Agreement to acquire full ownership of Mt. Holly aluminum smelter

On October 23, 2014, we announced that Berkeley had entered into a stock purchase agreement with Alumax, a wholly-owned subsidiary of Alcoa, pursuant to which, upon closing, Century will acquire Alcoa's 50.3% stake in Mt. Holly. Following the closing of the transaction, Century will own 100% of Mt. Holly. Mt. Holly, located in Berkeley County, South Carolina, employs approximately 600 people and has an annual production capacity of 229,000 tonnes of primary aluminum.

Pursuant to the terms of the Stock Purchase Agreement, Berkeley has agreed to acquire all of the issued and outstanding shares of capital stock of Alumax of South Carolina Inc., a wholly owned subsidiary of Alcoa for \$67.5 million in cash less certain amounts owed by Alumax to Mt. Holly and subject to working capital and other similar adjustments. The Acquisition is expected to close in the fourth quarter of 2014 and is subject to customary closing conditions. Century expects to pay for the Acquisition with available cash on hand and borrowings under its revolving credit facility. See Part II Item 1A – Risk Factors for a discussion of risks related to the Mt. Holly acquisition.

Amendment to U.S. revolving credit facility

On October 23, 2014, we entered into an amendment to the U.S. revolving credit facility, pursuant to which the participating banks consented to the Acquisition and revised certain covenants for a 120-day period following the Acquisition to permit the transaction. The amendment also increased Century's letter of credit sub-facility from \$80 million to \$100 million.

Mt. Holly gave notice to Santee Cooper to terminate its power contract effective December 31, 2015

In June 2014, Mt. Holly notified Santee Cooper, as allowed by the power contract, to reduce its contract demand to zero effective December 31, 2015, which was necessary to cut off liabilities under the tariff after December 31, 2015 if there is no new contract. Mt. Holly will continue to work with Santee Cooper towards a new power agreement, and remains committed to securing a competitive, long-term power agreement that will allow it to continue to operate the facility beyond 2015.

Century appoints Rick T. Dillon as Executive Vice President and Chief Financial Officer

In June 2014, we announced that our Board of Directors had appointed Rick T. Dillon as Executive Vice President and Chief Financial Officer of Century. Prior to joining Century, Mr. Dillon served as Vice President of Finance – Surface Mining Group at Joy Global Inc. Mr. Dillon joined Joy Global in 2009 as Vice President – Corporate Controller & Chief Accounting Officer. Prior to that, Mr. Dillon served as Vice President – Business Planning and Analysis for Newell Rubbermaid, Inc. He has also held the Chief Accounting Officer role at Newell Rubbermaid, Inc. and Briggs & Stratton Corporation.



Gross profit (in millions)	2014	2013	\$ Difference	% Difference
Three months ended September 30,	\$ 75.7	\$ 12.4	\$ 63.3	510.5%
Nine months ended September 30,	\$ 112.5	\$ 24.2	\$ 88.3	364.9%

During the three months ended September 30, 2014, higher price realizations, net of LME-based power cost and alumina, increased gross profit by \$63.8 million, while increased volume due to the acquisition of the Sebree smelter and the mix shift between toll and direct sales at Grundartangi increased gross profit by \$4.4 million. In addition, we experienced \$12.6 million in net cost decreases at our smelters relative to the same period in 2013, comprised of: lower costs for power and natural gas at our U.S. smelters, \$18.1 million; higher costs for materials, supplies and maintenance, \$2.3 million; other cost increases, \$2.8 million and increased depreciation, \$0.4 million.

During the nine months ended September 30, 2014, higher price realizations, net of LME-based power cost and alumina, increased gross profit by \$58.7 million, while increased volume due to the acquisition of the Sebree smelter and the mix shift between toll and direct sales at Grundartangi increased gross profit by \$2.0 million. In addition, we experienced \$25.1 million in net cost decreases at our smelters relative to the same period in 2013, comprised of: lower costs for power and natural gas costs at our U.S. smelters, \$24.9 million; lower costs for materials, supplies and maintenance, \$7.2 million; other cost increases, \$3.4 million and increased depreciation, \$3.6 million.

As part of the accounting for the purchase of the Sebree smelter, we recorded a \$36.6 million estimated liability for the power contract we assumed based on the difference between the forecasted contract rates and market power rates through the contract termination date in January 2014. This liability was fully amortized over the period from June 1, 2013 through January 31, 2014, resulting in a credit to our depreciation and amortization expense. During the three and nine months ended September 30, 2013, the credit for the amortization of the power contract was \$11.7 million and \$14.5 million, respectively. During the three and nine months ended September 30, 2014, the credit for the amortization of the power contract was \$0.0 million and \$5.5 million, respectively. This resulted in a quarter to quarter decrease in gross profit of \$11.7 million and nine month period to period decrease in gross profit of \$9.0 million.

Due to nature of our business, our inventory values are subject to fluctuations in market value and these fluctuations can have a significant impact on cost of goods sold and gross profit in any period. Reductions in value below cost basis at the end of a period are the new basis for inventory as it turns in subsequent periods. Comparing the three months ended September 30, 2014 to 2013, this resulted in a period to period decrease in gross profit of \$5.8 million.

Cost of goods sold was positively impacted by \$1.2 million during the nine months ended September 30, 2014 and negatively impacted by \$10.3 million for the nine months ended September 30, 2013 due to these valuation adjustments. This resulted in a period to period increase in gross profit of \$11.5 million.

Other operating expense – net (in millions)	2014	2013	\$ Difference	% Difference
Three months ended September 30,	\$ 1.4	\$ 2.2	\$ (0.8)	(36.4)%
Nine months ended September 30,	\$ 5.7	\$ 6.3	\$ (0.6)	(9.5)%

Other operating expense – net is primarily related to items associated with Ravenswood. Period to period charges at the facility have been relatively stable, but some post-employment benefits and other support charges are starting to trend downwards. In addition, in the first quarter of 2013 we reduced an accrual for a legal liability that was ultimately settled for an amount lower than the original accrual.

Selling, general and administrative expenses (in millions)	2014	2013	\$ Difference	% Difference
Three months ended September 30,	\$ 12.1	\$ 14.4	\$ (2.3)	(16.0)%
Nine months ended September 30,	\$ 32.8	\$ 45.9	\$ (13.1)	(28.5)%

During the three and nine months ended September 30, 2014, we experienced decreased selling, general and administrative charges due to a reduction in external legal and outside professional service support and the absence of the relocation and severance expenses we incurred in 2013 to move our corporate headquarters to Chicago. In addition, we incurred \$8.6 million of general and administrative expenses that were evenly spread in 2013 that relate to the integration of the Century Vlissingen anode facility into our business. The Century Vlissingen anode facility is now producing anodes and its costs are included in cost of goods sold in 2014.

Net gain (loss) on forward and derivative contracts  
(in millions)

	2014		2013		\$ Difference		% Difference
Three months ended September 30,	\$ 0.4	\$	0.4	\$	—		—%
Nine months ended September 30,	\$ (0.2)	\$	16.2	\$	(16.4)		(101.2)%

The net gain (loss) on forward and derivative contracts for the nine months ended September 30, 2013 was primarily the result of an increase in the fair value of a derivative asset embedded in the E.ON contingent liability. This change in fair value resulted in unrealized gains of \$16.4 million for the nine months ended September 30, 2013. In addition, we have recorded unrealized gains of \$0.4 million in each of the quarters of 2014 related to the derivative asset embedded in the E.ON contingent liability.

Gain on bargain purchase (in millions)

	2014		2013		\$ Difference		% Difference
Three months ended September 30,	\$ —	\$	—	\$	—		N/A
Nine months ended September 30,	\$ —	\$	5.3	\$	(5.3)		N/A

On June 1, 2013, we acquired the Sebree smelter. The allocation of the purchase price to the assets acquired and liabilities assumed is based on the estimated fair values at the date of acquisition. Based on the final purchase price allocation, we recorded a gain on bargain purchase of \$5.3 million in 2013. See [Note 2 Acquisition of Sebree aluminum smelter](#) to the consolidated financial statements included herein for additional information.

Loss on early extinguishment of debt (in millions)

	2014		2013		\$ Difference		% Difference
Three months ended September 30,	\$ —	\$	—	\$	—		N/A
Nine months ended September 30,	\$ —	\$	(3.3)	\$	3.3		(100.0)%

In 2013, as a result of the tender offer and redemption of our 8% senior secured notes due 2014 (the "8.0% Notes"), we recorded charges of \$3.3 million for loss on early extinguishment of debt. We determined the tender and redemption of the 8.0% Notes should be treated as an extinguishment of the debt and accordingly, we recorded a loss on early extinguishment of debt in the second quarter of 2013. The loss on early extinguishment of debt consisted of the write-off of deferred financing costs and the debt discount associated with the 8.0% Notes, as well as the tender premium paid as part of the tender offer and redemption of the 8.0% Notes.

Income tax expense (in millions)

	2014		2013		\$ Difference		% Difference
Three months ended September 30,	\$ (6.4)	\$	(1.4)	\$	(5.0)		357.1%
Nine months ended September 30,	\$ (7.0)	\$	(4.7)	\$	(2.3)		48.9%

Our income tax expense is based on a forecasted annual effective tax rate applied to current period results, as well as the tax effects of certain discrete items. The application of the requirements for accounting for income taxes in interim periods, after consideration of our valuation allowance against all of Century's U.S. and certain foreign deferred tax assets, can cause significant variations in the typical relationship between income tax expense and pretax income.

## Liquidity and Capital Resources

### Liquidity

Our principal sources of liquidity are available cash, cash flow from operations and available borrowings under our revolving credit facilities. We have also raised capital in the past through the public equity and debt markets and we regularly explore various other financing alternatives. Our principal uses of cash are the funding of operating costs (including post-retirement benefits), maintenance of curtailed production facilities, payments of principal and interest on our outstanding debt, the funding of capital expenditures, investments in our growth activities and in related businesses, working capital and other general corporate requirements.

Our consolidated cash and cash equivalents balance at September 30, 2014 was approximately \$133 million compared to approximately \$84 million at December 31, 2013. Century's U.S. revolving credit facility matures in May 2018 and our Iceland revolving credit facility matures in November 2016. As of September 30, 2014, our credit facilities had no outstanding borrowings and approximately \$126 million of aggregate net availability. As of September 30, 2014, we had approximately \$72 million of letters of credit outstanding under our U.S. revolving credit facility. We borrow and make repayments under our credit facilities in the ordinary course based on a number of factors, including the timing of payments from our customers and payments to our suppliers. Borrowings and repayments under our credit facilities for the nine months ended September 30, 2014 on a gross basis were approximately \$91.7 million and \$97.7 million, respectively. During the same period, total outstanding indebtedness under our credit facilities at any given time did not exceed \$16.7 million. The availability of funds under our credit facilities is limited by a specified borrowing base consisting of certain accounts receivable and inventory. Future changes to our sales agreements which have shorter payment terms could reduce our accounts receivable. In addition, any future curtailments of production capacity would reduce accounts receivable and inventory, which comprise the borrowing base of our revolving credit facilities, and could result in a corresponding reduction in availability under the revolving credit facilities. The acquisition of the Sebree smelter increased domestic accounts receivable and inventory and resulted in a corresponding increase in availability under the U.S. revolving credit facility.

In October 2014, we announced that we will acquire Alcoa's 50.3% stake in Mt. Holly for \$67.5 million in cash less certain amounts owed by Alumax to Mt. Holly and subject to working capital and other similar adjustments. Century expects to pay for the Acquisition with available cash on hand and borrowings under its revolving credit facility. The Acquisition is expected to close in the fourth quarter of 2014 and is subject to customary closing conditions.

We have \$250 million in 7.5% senior secured notes payable that will mature on June 1, 2021. We made a \$2.6 million payment to the noteholders and retired our remaining 7.5% senior unsecured notes due August 2014 in the third quarter of 2014.

As of September 30, 2014, the principal and accrued interest for the E.ON contingent obligation was \$17.8 million, which was fully offset by a derivative asset. We may be required to make installment payments for the E.ON contingent obligation in the future. These payments are contingent based on the LME price of primary aluminum and the level of Hawesville's operations. Based on the LME forward market at September 30, 2014 and management's estimate of the LME forward market beyond the quoted market period, we have assessed that we will not be required to make payments on the E.ON contingent obligation during the term of the agreement through 2028. There can be no assurance that circumstances will not change thus accelerating the timing of such payments. See [Note 4 Derivative and hedging instruments](#) and [Note 9 Debt](#) to the consolidated financial statements included herein for additional information.

In August 2011, our Board of Directors approved a \$60 million common stock repurchase program. Through September 30, 2014, we had expended approximately \$50 million under the program, but no repurchases have been made since March 2012. At September 30, 2014, we had approximately \$10 million remaining under the repurchase program authorization. The repurchase program may be expanded, suspended or discontinued by our Board, in its sole discretion, at any time.



In April 2013, we entered into a settlement agreement with the PBGC regarding an alleged "cessation of operations" at our Ravenswood facility as a result of the curtailment of operations at the facility. Pursuant to the terms of the agreement, we will make additional contributions (above any minimum required contributions) to our defined benefit pension plans over the term of the agreement. The remaining contributions under this agreement are approximately \$10.7 million, of which approximately \$3.7 million was scheduled to be made in 2014. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we may defer one or more of these payments, but we would be required to provide the PBGC with acceptable security for any deferred payments. In the first quarter of 2014, we elected to defer contributions for 2014 under the PBGC agreement and have provided the PBGC with the appropriate security.

In addition to the contributions required pursuant to the PBGC settlement, based on current actuarial and other assumptions, we expect to make minimum required contributions to the qualified defined benefit plans and unqualified supplemental executive retirement benefits ("SERB") plan of approximately \$4.2 million and \$1.8 million, respectively, during 2014. We may choose to make additional contributions to these plans from time to time at our discretion.

During 2014, we paid Icelandic withholding taxes on intercompany dividends of approximately \$5.5 million. We anticipate these payments will be refunded in November 2015. In November 2014, we expect to receive a refund for Icelandic withholding taxes paid in 2013 of \$9.5 million. The withholding taxes and associated refunds are payable in Icelandic kronur ("ISK") and we are subject to foreign currency risk associated with fluctuations in the value of the U.S. dollar as compared the ISK.

On June 1, 2013, we acquired the Sebree aluminum smelter from a subsidiary of RTA. We paid RTA approximately \$1.0 million in the third quarter of 2014 as final consideration for the acquisition.

In June 2014, we reached a settlement with Orkuveita Reykjavíkur ("OR") related to a power contract dispute. Under the agreement, among other things, Nordural Grundartangi ehf paid \$3.6 million to OR in July 2014 and OR will release Nordural Grundartangi ehf and Nordural Helguvík ehf from and against all claims related to the reduction in the power purchased under the existing power contracts. As part of the settlement, Nordural Helguvík ehf and OR entered into a supplemental power contract to provide power at LME-based rates, and as may be requested from Grundartangi or Helguvík from time to time, during the remaining term of the existing Nordural Helguvík ehf power contract. Power provided under the supplemental power contract may be used at Helguvík or Grundartangi.

In June 2012, Nordural Grundartangi ehf entered into a supplemental power contract with Landsvirkjun. The supplemental power contract, which will expire in October 2029 (or upon the occurrence of certain earlier events), will provide Nordural Grundartangi ehf with supplemental power, as Nordural Grundartangi ehf may request from time to time, at LME-based variable rates. Nordural Grundartangi ehf has agreed to make certain prepayments to Landsvirkjun for power expected to be used at a later date in connection with the contract, which will reduce the price paid for power at the time of consumption. As of September 30, 2014, these power prepayments totaled approximately \$2.3 million. We do not expect to realize the benefits from the prepayments in the near term.

#### Capital Resources

We intend to finance our future recurring capital expenditures from available cash, cash flow from operations and available borrowings under our revolving credit facilities. For major investment projects, such as the Helguvík project, we would likely seek financing from various capital and loan markets, and may potentially pursue the formation of strategic alliances. We may be unable, however, to issue additional debt or equity securities, or enter into other financing arrangements on attractive terms, or at all, due to a number of factors including a lack of demand, unfavorable pricing, poor economic conditions, unfavorable interest rates, or our financial condition or credit rating at the time. Future uncertainty in the U.S. and international markets and economies may adversely affect our liquidity, our ability to access the debt or capital markets and our financial condition.

Capital expenditures for the nine months ended September 30, 2014 were \$39.4 million, of which approximately \$10.5 million was related to the Grundartangi expansion project and \$12.3 million was related to Century Vlissingen. The remaining amounts are related to upgrading production equipment, improving facilities and complying with environmental requirements. We believe total capital spending in 2014, excluding any expansion of the current production capacity at Century Vlissingen, will be approximately \$60 million.

In order to restart the first 75,000 tonnes of annual anode capacity at Century Vlissingen, we made approximately \$25.4 million in aggregate capital expenditures through June 30, 2014. The first 75,000 tonnes of capacity was restarted in late 2013 and provides an anode supply to Grundartangi to replace third-party anode supply contracts that terminated in 2013. In the third quarter of 2014, we began a project to restart the second baking furnace at Century Vlissingen, increasing total annual anode production capacity to 150,000 tonnes. The project is expected to be completed by the end of 2015.

We have made and continue to make capital expenditures for the construction and development of our Helguvik project. We have substantial future contractual commitments for the Helguvik project. If we were to cancel the Helguvik project, we estimate that our exposure to contract cancellation and other costs would be approximately \$20 million, of which we currently have accrued liabilities of approximately \$12.4 million. We are continuing to negotiate with the power suppliers to the project to, among other things, remove all the remaining conditions to their obligations to supply contracted power. The timing of the power availability together with other factors will determine the timing of resumption of major construction activity at Helguvik. We expect that capital expenditures for this project will be less than \$0.5 million per year until the restart of major construction activities. We cannot, at this time, predict when the restart of major construction activity will occur.

#### Adjusted EBITDA

We use certain non-GAAP measures when reviewing our operating results, including adjusted EBITDA. We define adjusted EBITDA as operating income (loss) adjusted for certain non-cash items from the statement of cash flows and certain non-recurring items.

Our calculations of adjusted EBITDA may not be comparable to similarly titled measures reported by other companies due to differences in the components used in their calculations. We believe the presentation of adjusted EBITDA is a useful measure to help investors evaluate our capacity to fund our ongoing cash operating requirements, including capital expenditures and debt service obligations. Adjusted EBITDA should not be considered as a substitute for operating income (loss) as determined in accordance with GAAP. The following table includes a reconciliation of adjusted EBITDA to operating income (loss), the most comparable GAAP financial measure.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(in thousands)			
Operating income (loss)	\$ 62,151	\$ (4,242)	\$ 73,929	\$ (27,925)
Depreciation	17,641	17,184	52,784	49,082
Sebree power contract amortization	—	(11,720)	(5,534)	(14,461)
Non-cash inventory adjustment	—	(5,763)	(1,247)	10,286
Legal reserve	—	—	3,600	(2,225)
Adjusted EBITDA	\$ 79,792	\$ (4,541)	\$ 123,532	\$ 14,757

## Historical

Our statements of cash flows for the nine months ended September 30, 2014 and 2013 are summarized below:

	Nine months ended September 30,	
	2014	2013
	(in thousands)	
Net cash provided by operating activities	\$ 97,714	\$ 42,458
Net cash used in investing activities	(39,938)	(93,926)
Net cash provided by (used in) financing activities	(8,454)	8,293
Change in cash and cash equivalents	<u>\$ 49,322</u>	<u>\$ (43,175)</u>

Net cash provided by operating activities for the nine months ended September 30, 2014 was \$97.7 million, compared to \$42.5 million for the nine months ended September 30, 2013. The increase in cash provided by operating activities in 2014 compared to 2013 was primarily due to approximately \$109 million higher adjusted EBITDA in 2014 compared to 2013 and approximately \$8 million lower income tax payments in 2014 compared to 2013. These increases in cash provided by operating activities were primarily offset by lower cash provided by changes in working capital, approximately \$52 million lower in 2014 compared to 2013 and a one-time separation payment to our former CEO of approximately \$10 million paid in 2014.

Our net cash used in investing activities for the nine months ended September 30, 2014 was \$39.9 million, compared to \$93.9 million for the nine months ended September 30, 2013. The decrease in cash used was primarily due to payments of \$47.0 million for the purchase of the Sebree smelter in June 2013 and capital expenditures for the nine months ended September 30, 2013 were \$7.7 million higher compared to the same period in 2014. The decrease was partially offset by \$3.8 million higher capital expenditures for the Vlissingen restart project for the nine months ended September 30, 2014 compared to 2013. Restricted cash deposits provided \$0.5 million in 2014 compared to \$3.0 million used in 2013.

Our net cash used in financing activities for the nine months ended September 30, 2014 was \$8.5 million, compared to net cash provided by financing activities of \$8.3 million for the nine months ended September 30, 2013. The change was primarily related to net activity under our revolving credit facilities and our long-term debt. For the nine months ended September 30, 2013, we had borrowings of \$16.7 million under our revolving credit facilities compared to a net payments of \$6.0 million in the nine months ended September 30, 2014. For the nine months ended September 30, 2013, we had approximately \$8.5 million in net costs associated with the extinguishment of our 8.0% Notes and the issuance of our 7.5% Notes due 2021 (the "7.5% Notes") compared to approximately \$2.6 million in payments associated with the extinguishment of our 7.5% Notes due 2014 for the nine months ended September 30, 2014.

### Other Commitments and Contingencies

We are a defendant in several actions relating to various aspects of our business. While there are uncertainties relating to the ultimate disposition of any litigation, management, based on information currently available, does not believe that the resolution of any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity. See [Note 10 Commitments and contingencies](#) to the consolidated financial statements included herein for additional information.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Commodity Price Sensitivity

We are exposed to price risk for primary aluminum. From time to time, we may manage our exposure to fluctuations in the price of primary aluminum through financial instruments designed to protect our downside price risk exposure. In addition, we manage our exposure to fluctuations in our costs by purchasing certain of our alumina and power requirements under supply contracts with prices tied to the same indices as our aluminum sales contracts (the LME price of primary aluminum). Our risk management activities do not include any trading or speculative transactions.

Apart from the Glencore Grundartangi Metal Agreement, the Southwire Metal Agreement and the Glencore Sweep Agreement (a contract for all metal produced in the U.S. in 2013, less existing sales agreements and valued-added metal sales, which expired at the end of 2013), we had the following forward delivery contractual commitments:

Other forward delivery contracts

	September 30, 2014	December 31, 2013
	(in tonnes)	
Other forward delivery contracts – total	72,025	118,373
Other forward delivery contracts – Glencore	40,760	20,008
Other forward delivery contracts – fixed price	500	—
Other forward delivery contracts – fixed price with Glencore	480	—

We had no outstanding primary aluminum forward financial sales contracts at September 30, 2014. We had no fixed price forward financial contracts to purchase aluminum at September 30, 2014.

Market-Based Power Price Sensitivity

Market-Based Electrical Power Agreement

Hawesville and Sebree have market-based electrical power agreements. Under the market-based power agreements, Kenergy and Big Rivers purchase market-based electrical power on the open market and pass it through to Hawesville and Sebree at MISO pricing, plus transmission and other costs incurred by them.

Electrical Power Price Sensitivity

We are exposed to market price risk due to fluctuations in the price of power available on the MISO market. Power represents our single largest operating cost, so changes in the price and/or availability of market-based power could significantly impact the profitability of Hawesville and Sebree. In addition, indirect factors that lead to power cost increases, such as increasing market prices for natural gas or coal, fluctuations in or extremes in weather patterns, new or more stringent environmental regulations, or problems associated with power transmission, grid stability or energy import capability may severely impact our financial condition, results of operations and liquidity.

Electrical power price sensitivity by location:

	Hawesville	Sebree	Total
Expected average load (in megawatts ("MW"))	482	385	867
Quarterly estimated electrical power usage (in megawatt hours ("MWh"))	1,055,580	843,150	1,898,730
Quarterly cost impact of an increase or decrease of \$1 per MWh (in thousands)	\$ 1,100	\$ 800	\$ 1,900
Annual expected electrical power usage (in MWh)	4,222,320	3,372,600	7,594,920
Annual cost impact of an increase or decrease of \$1 per MWh (in thousands)	\$ 4,200	\$ 3,400	\$ 7,600

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

Foreign Currency

We are exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the ISK, the euro, the Chinese yuan and other currencies. Grundartangi's labor costs, part of its maintenance costs and other local services are denominated in ISK and a portion of its anode costs are denominated in euros and Chinese yuan. We have deposits denominated in ISK in Icelandic banks; in addition, our tax payments in Iceland for withholding taxes on intercompany dividends and estimated payments of Icelandic income taxes and any associated refunds are denominated in ISK. As a result, an increase or decrease in the value of those currencies relative to the U.S. dollar would affect Grundartangi's operating margins. We may incur further capital expenditures for Century Vlissingen in future periods. In addition, Century Vlissingen's labor costs, maintenance costs and other local services are denominated in euros. We expect to incur capital expenditures for the construction of the Helguvik project, although we continue to evaluate the Helguvik project's cost, scope and schedule. Upon a restart of major construction for the Helguvik project, we have forecasted that a significant portion of the capital expenditures would be denominated in currencies other than the U.S. dollar, with significant portions in ISK, euros and Swiss francs.

We may manage our exposure by entering into foreign currency forward contracts or option contracts for forecasted transactions and projected cash flows for foreign currencies in future periods. As of September 30, 2014, we had no foreign currency forward contracts outstanding.

Natural Economic Hedges

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

Risk Management

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

Item 4. Controls and Procedures.

a. Evaluation of Disclosure Controls and Procedures

As of September 30, 2014, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, has concluded that our disclosure controls and procedures were effective as of September 30, 2014.

b. Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2014, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. On June 1, 2013, we acquired the Sebree smelter and we are currently in the process of extending our internal control over financial reporting to Sebree's operations.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings.

We are a party from time to time in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on our financial position, operating results and cash flows. For information regarding legal proceedings pending against us at September 30, 2014, refer to [Note 10 Commitments and contingencies](#) to the consolidated financial statements included herein.

### Item 1A. Risk Factors.

Other than below, there have been no material changes from the risk factors previously disclosed under the heading “Risk Factors” in our Annual Report on Form 10–K for the fiscal year ended December 31, 2013. You should carefully consider the risk factors set forth below and those contained in our Annual Report on Form 10–K and the other information set forth elsewhere in this Quarterly Report on Form 10–Q. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

If the Mt. Holly acquisition is not consummated or we do not achieve the anticipated benefits of the Mt. Holly acquisition, our business and the market price of our common stock may be adversely affected.

On October 23, 2014, Berkeley Aluminum, Inc., our wholly–owned subsidiary, entered into a stock purchase agreement with Alumax Inc., a wholly–owned subsidiary of Alcoa Inc., pursuant to which, upon closing, Berkeley Aluminum, Inc. will acquire Alumax Inc.’s 50.3% stake in the Mt. Holly aluminum smelter. Following the closing, we will own 100% of Mt. Holly.

Consummation of the Mt. Holly acquisition is expected to occur in the fourth quarter of 2014 and is subject to customary closing conditions, including the receipt of all third party consents and governmental approvals. In addition, the stock purchase agreement, under certain circumstances, may be terminated by us or the seller prior to closing. As a result, there can be no assurance that the Mt. Holly acquisition will be consummated in accordance with the anticipated timing or otherwise. If the Mt. Holly acquisition is not consummated, we could be subject to a number of risks that may adversely affect our business and the market price of our common stock, including that:

- the market price of our common stock may decline to the extent the current market price reflects an assumption that the Mt. Holly acquisition will be consummated;
  - we must pay substantial legal, accounting and other costs and expenses that we have incurred in connection with the Mt. Holly acquisition, regardless of whether the acquisition is consummated; and
  - we would not achieve the anticipated benefits from consummating the Mt. Holly acquisition.
- We are also subject to numerous risks if the Mt. Holly acquisition is consummated, including that:
- our senior management’s attention may be diverted from the management of our existing business as we integrate the acquired Mt. Holly operations, which may disrupt our existing operations and relationships with our customers;
  - we may incur costs and expenses associated with any unidentified or potential liabilities; and
  - unforeseen difficulties may arise in integrating the acquired Mt. Holly operations into our existing operations;

Accordingly, the Mt. Holly acquisition might not ultimately improve our competitive position and business prospects as anticipated and may subject us to additional liabilities that could have a material adverse effect on our business, financial condition, results of operations and liquidity. Furthermore, if we fail to realize the anticipated benefits of the Mt. Holly acquisition, the market price of our common stock could decline to the extent that the market price reflects those anticipated benefits.

If we are unable to enter into a new power contract for Mt. Holly, we may be unable to operate Mt. Holly at a profitable level or at all.

In June 2014, Mt. Holly notified Santee Cooper of its election to reduce its contract demand to zero effective December 31, 2015. We are currently in discussions with Santee Cooper regarding power arrangements for Mt. Holly following December 31, 2015 but no assurance can be given that we will come to an agreement on terms that are favorable to us, or at all. If a favorable power arrangement for Mt. Holly is not reached and approved prior to December 31, 2015, we may be unable to operate the Mt. Holly facility at a profitable level or at all. Closure of the Mt. Holly facility would impose various costs on us that could have a material adverse effect on our business, financial condition, results of operations and liquidity. In addition, uncertainty regarding the future operation of Mt. Holly may damage our relationships with our customers, suppliers, employees and other stakeholders, whether or not Mt. Holly is ultimately closed. We may need to take actions to terminate certain customer and supply contracts or curtail individual potlines well in advance of any plant closure. Customers and suppliers may also become unwilling to renew existing contracts or enter into new contracts with us. It may also become more difficult to attract and retain employees. Such actions and events could have a material adverse effect on our business, financial condition, results of operations and liquidity.

#### Item 5. Other Information.

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

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

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

During the third quarter of 2014, a non-U.S. affiliate of the largest stockholder of the Company (“non-U.S. Stockholder Affiliate”) entered into a sales contract for agricultural products for delivery to an Iranian entity owned by the GOI. The non-U.S. Stockholder Affiliate performed its obligations under the contract in compliance with applicable sanction laws and, where required, with the necessary prior approvals by the relevant governmental authorities.

The gross revenue of the non-U.S. Stockholder Affiliate related to this contract did not exceed the value of \$13 million for the third quarter of 2014 ending September 30, 2014. The non-U.S. Stockholder Affiliate does not allocate net profit on a country-by-country or activity-by-activity basis, but estimates the net profit attributable to the contract would not exceed a small fraction of the gross revenue from such contract. It is not possible to determine accurately the precise net profit attributable to this contract.

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

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

Century and its global subsidiaries had no transactions or activities requiring disclosure under ITRA, nor were we involved in the transaction described in this section. As of the date of this report, the Company is not aware of any other activity, transaction or dealing by it or any of its affiliates during the third quarter of 2014 ending September 30, 2014 that requires disclosure in this report under Section 13(r) of the Exchange Act.



Item 6. Exhibits.

Exhibit Number	Description of Exhibit	Form	Incorporated by Reference		Filed Herewith
			File No.	Filing Date	
2.1	Stock Purchase Agreement, dated October 23, 2014, by and between Berkeley Aluminum, Inc. and Alumax Inc.	8-K	001-34474	October 23, 2014	
2.2	Guarantee of Century Aluminum Company, dated October 23, 2014.	8-K	001-34474	October 23, 2014	
10.1	Third Amendment to Loan and Security Agreement, dated as of October 23, 2014, among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	8-K	001-34474	October 23, 2014	
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer				X
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer				X
32.1*	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Executive Officer				X
32.2*	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Financial Officer				X
101.INS**	XBRL Instance Document				X
101.SCH**	XBRL Taxonomy Extension Schema				X
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase				X
101.DEF**	XBRL Taxonomy Extension Definition Linkbase				X
101.LAB**	XBRL Taxonomy Extension Label Linkbase				X
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase				X

\* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

\*\* In accordance with Rule 406T of Regulation S-T, the information furnished in these exhibits will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such exhibits will not be deemed to be incorporated by reference into any filing under the Securities Act or Exchange Act.

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: November 5, 2014

By: /s/ MICHAEL A. BLESS

Michael A. Bless  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: November 5, 2014

By: /s/ RICK T. DILLON

Rick T. Dillon  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Exhibit Index

Exhibit Number	Description of Exhibit	Form	Incorporated by Reference		Filed Herewith
			File No.	Filing Date	
2.1	Stock Purchase Agreement, dated October 23, 2014, by and between Berkeley Aluminum, Inc. and Alumax Inc.	8-K	001-34474	October 24, 2014	
2.2	Guarantee of Century Aluminum Company, dated October 23, 2014.	8-K	001-34474	October 24, 2014	
10.1	Third Amendment to Loan and Security Agreement, dated as of October 23, 2014, among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	8-K	001-34474	October 24, 2014	
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer				X
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer				X
32.1*	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Executive Officer				X
32.2*	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Financial Officer				X
101.INS**	XBRL Instance Document				X
101.SCH**	XBRL Taxonomy Extension Schema				X
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase				X
101.DEF**	XBRL Taxonomy Extension Definition Linkbase				X
101.LAB**	XBRL Taxonomy Extension Label Linkbase				X
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase				X

\* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

\*\* In accordance with Rule 406T of Regulation S-T, the information furnished in these exhibits will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such exhibits will not be deemed to be incorporated by reference into any filing under the Securities Act or Exchange Act.

EXHIBIT 31.1

CERTIFICATION OF DISCLOSURE IN CENTURY ALUMINUM COMPANY'S  
QUARTERLY REPORT FILED ON FORM 10-Q

I, Michael A. Bless, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Century Aluminum Company;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2014

/s/ MICHAEL A. BLESS

Name: Michael A. Bless  
Title: President and Chief Executive Officer  
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF DISCLOSURE IN CENTURY ALUMINUM COMPANY'S  
QUARTERLY REPORT FILED ON FORM 10-Q

I, Rick T. Dillon, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Century Aluminum Company;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2014

/s/ RICK T. DILLON

Name: Rick T. Dillon  
Title: Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Exhibit 32.1

Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes–Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the quarterly report on Form 10–Q of Century Aluminum Company (the “Company”) for the quarter ended September 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Michael A. Bless, as President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted, pursuant to Section 906 of the Sarbanes–Oxley Act of 2002, that, to the best of his knowledge:

1. This Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL A. BLESS

By: Michael A. Bless  
Title: President and Chief Executive Officer (Principal Executive Officer)  
Date: November 5, 2014

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes–Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the quarterly report on Form 10–Q of Century Aluminum Company (the “Company”) for the quarter ended September 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Rick T. Dillon, as Executive Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted, pursuant to Section 906 of the Sarbanes–Oxley Act of 2002, that, to the best of his knowledge:

1. This Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICK T. DILLON

By: Rick T. Dillon  
Title: Executive Vice President and Chief Financial Officer (Principal Financial Officer)  
Date: November 5, 2014

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Document And Entity Information**

*Document And Entity Information*

**9 Months Ended**

**Sep. 30, 2014**

**Oct. 31, 2014**

*Document and Entity Information*

*[Abstract]*

Entity Registrant Name	CENTURY ALUMINUM CO	
Entity Central Index Key	0000949157	
Document Type	10-Q	
Document Period End Date	Sep. 30, 2014	
Amendment Flag	false	
Document Fiscal Year Focus	2014	
Document Fiscal Period Focus	Q3	
Current Fiscal Year End Date	--12-31	
Entity Filer Category	Accelerated Filer	
Entity Common Stock, Shares Outstanding		88,948,158



**CONSOLIDATED STATEMENTS OF OPERATIONS (USD \$)****CONSOLIDATED STATEMENTS  
OF OPERATIONS (USD \$)***In Thousands, except Per Share  
data, unless otherwise specified***3 Months Ended****9 Months Ended****Sep. 30, 2014****Sep. 30, 2013****Sep. 30, 2014****Sep. 30, 2013****NET SALES:**

Third-party customers	\$ 175,857	\$ 271,016	\$ 480,872	\$ 680,480
Related parties	324,775	128,912	898,931	372,659
Sales Revenue â€“ net	<u>500,632</u>	<u>399,928</u>	<u>1,379,803</u>	<u>1,053,139</u>
Cost of goods sold	424,918	387,574	1,267,343	1,028,901
Gross profit	<u>75,714</u>	<u>12,354</u>	<u>112,460</u>	<u>24,238</u>
Other operating expense â€“ net	1,417	2,174	5,705	6,288
Selling, general and administrative expenses	12,146	14,422	32,826	45,875
Operating income (loss)	<u>62,151</u>	<u>(4,242)</u>	<u>73,929</u>	<u>(27,925)</u>
Interest expense	(5,493)	(5,406)	(16,541)	(17,706)
Interest income	23	141	197	458
Net gain (loss) on forward and derivative contracts	353	440	(174)	16,151
Gain on bargain purchase	0	0	0	5,253
Loss on early extinguishment of debt	0	0	0	(3,272)
Other income (expense) â€“ net	(470)	213	(423)	(1,001)
Income (loss) before income taxes and equity in earnings of joint ventures	<u>56,564</u>	<u>(8,854)</u>	<u>56,988</u>	<u>(28,042)</u>
Income tax expense	(6,444)	(1,384)	(7,004)	(4,714)
Income (loss) before equity in earnings of joint ventures	<u>50,120</u>	<u>(10,238)</u>	<u>49,984</u>	<u>(32,756)</u>
Equity in earnings of joint ventures	285	731	661	2,118
Net income (loss)	<u>50,405</u>	<u>(9,507)</u>	<u>50,645</u>	<u>(30,638)</u>
Net income (loss) allocated to common stockholders	\$ 46,277	\$ (9,507)	\$ 46,487	\$ (30,638)

**EARNINGS (LOSS) PER  
COMMON SHARE:**

Basic and Diluted	\$ 0.52	\$ (0.11)	\$ 0.52	\$ (0.35)
-------------------	---------	-----------	---------	-----------

**WEIGHTED AVERAGE COMMON  
SHARES OUTSTANDING:**

Basic	88,827	88,611	88,777	88,588
Diluted	89,532	88,611	89,372	88,588

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (USD \$)****CONSOLIDATED STATEMENTS  
OF COMPREHENSIVE INCOME  
(LOSS) (USD \$)****3 Months Ended****9 Months Ended***In Thousands, unless otherwise  
specified***Sep. 30, 2014****Sep. 30, 2013****Sep. 30, 2014****Sep. 30, 2013****Comprehensive income (loss):**

Net income (loss)	\$ 50,405	\$ (9,507)	\$ 50,645	\$ (30,638)
-------------------	-----------	------------	-----------	-------------

**Other comprehensive income (loss)  
before income tax effect:**

Net gain on foreign currency cash flow hedges reclassified as income	(46)	(46)	(139)	(139)
---	------	------	-------	-------

Net gain arising during the period		0	440	10,349
------------------------------------	--	---	-----	--------

Amortization of prior service benefit during the period	(952)	(968)	(2,856)	(2,912)
--	-------	-------	---------	---------

Amortization of net loss during the period	1,402	1,880	4,207	6,362
---	-------	-------	-------	-------

Other comprehensive income before income tax effect	404	866	1,652	13,660
--	-----	-----	-------	--------

Income tax effect	(557)	(383)	(1,837)	(1,148)
-------------------	-------	-------	---------	---------

Other comprehensive income (loss)	(153)	483	(185)	12,512
-----------------------------------	-------	-----	-------	--------

Total comprehensive income (loss)	<u>\$ 50,252</u>	<u>\$ (9,024)</u>	<u>\$ 50,460</u>	<u>\$ (18,126)</u>
-----------------------------------	------------------	-------------------	------------------	--------------------

**CONSOLIDATED BALANCE SHEETS (USD \$)****CONSOLIDATED BALANCE  
SHEETS (USD \$)**  
*In Thousands, unless otherwise  
specified***Sep. 30, 2014****Dec. 31, 2013****ASSETS**

Cash and cash equivalents	\$ 133,410	\$ 84,088
Restricted cash	1,217	1,697
Accounts receivable â€” net	50,576	56,184
Due from affiliates	52,452	43,587
Inventories	241,750	239,615
Prepaid and other current assets	29,101	32,276
Deferred taxes	13,614	13,614
Total current assets	<u>522,120</u>	<u>471,061</u>
Property, plant and equipment â€” net	1,221,705	1,247,661
Other assets	95,656	91,474
<b>TOTAL</b>	<u>1,839,481</u>	<u>1,810,196</u>

**LIABILITIES:**

Accounts payable, trade	89,918	108,490
Due to affiliates	64,917	53,582
Accrued and other current liabilities	46,007	69,466
Accrued employee benefits costs	8,672	8,410
Industrial revenue bonds	7,815	7,815
Total current liabilities	<u>217,329</u>	<u>247,763</u>
Senior notes payable	246,796	246,528
Accrued pension benefits costs â€” less current portion	40,322	39,848
Accrued postretirement benefits costs â€” less current portion	129,130	129,284
Other liabilities	38,879	37,743
Deferred taxes	112,694	106,218
Total noncurrent liabilities	<u>567,821</u>	<u>559,621</u>

**COMMITMENTS AND  
CONTINGENCIES (NOTE 10)****SHAREHOLDERS' EQUITY:**

Series A Preferred stock (one cent par  
value, 5,000,000 shares authorized;  
160,000 issued and 78,670  
outstanding at September 30, 2014;  
160,000 issued and 79,620  
outstanding at December 31, 2013)

1

1

Common stock (one cent par value,  
195,000,000 shares authorized;  
93,724,391 issued and 88,937,870

937

935

outstanding at September 30, 2014;  
93,496,798 issued and 88,710,277  
outstanding at December 31, 2013)

Additional paid-in capital	2,509,631	2,508,574
Treasury stock, at cost	(49,924)	(49,924)
Accumulated other comprehensive loss	(92,017)	(91,832)
Accumulated deficit	(1,314,297)	(1,364,942)
Total shareholders' equity	<u>1,054,331</u>	<u>1,002,812</u>
TOTAL	<u>\$ 1,839,481</u>	<u>\$ 1,810,196</u>

**CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD \$)**

<b><i>CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD \$)</i></b>	<b>Sep. 30, 2014</b>	<b>Dec. 31, 2013</b>
Series A Preferred stock, par value (in dollars per share)	\$ 0.01	\$ 0.01
Series A Preferred stock, shares authorized (in shares)	5,000,000	5,000,000
Series A Preferred stock, shares issued (in shares)	160,000	160,000
Series A Preferred stock, shares outstanding (in shares)	78,670	79,620
Common stock, par value (in dollars per share)	\$ 0.01	\$ 0.01
Common stock, shares authorized (in shares)	195,000,000	195,000,000
Common stock, shares issued (in shares)	93,724,391	93,496,798
Common stock, shares outstanding (in shares)	88,937,870	88,710,277

**CONSOLIDATED STATEMENTS OF CASH FLOWS (USD \$)****CONSOLIDATED STATEMENTS  
OF CASH FLOWS (USD \$)***In Thousands, unless otherwise  
specified***9 Months Ended****Sep. 30, 2014****Sep. 30, 2013****CASH FLOWS FROM  
OPERATING ACTIVITIES:**

Net income (loss)	\$ 50,645	\$ (30,638)
-------------------	-----------	-------------

**Adjustments to reconcile net income  
(loss) to net cash provided by  
operating activities:**

Unrealized net gain on forward contracts	0	(762)
---	---	-------

Gain on bargain purchase	0	(5,253)
--------------------------	---	---------

Unrealized gain on E.ON contingent obligation	(1,059)	(16,428)
--	---------	----------

Accrued and other plant curtailment costs â€” net	3,267	3,380
--	-------	-------

Lower of cost or market inventory adjustment	(1,247)	10,286
---	---------	--------

Depreciation	52,784	49,082
--------------	--------	--------

Sebree power contract amortization	(5,534)	(14,461)
------------------------------------	---------	----------

Debt discount amortization	268	586
----------------------------	-----	-----

Pension and other postretirement benefits	1,432	(2,674)
--	-------	---------

Deferred income taxes	6,502	(1,532)
-----------------------	-------	---------

Stock-based compensation	957	961
--------------------------	-----	-----

Loss on early extinguishment of debt	0	3,272
--------------------------------------	---	-------

Equity in earnings of joint ventures, net of dividends	(661)	(2,118)
---	-------	---------

**Change in operating assets and  
liabilities:**

Accounts receivable â€” net	5,608	(1,063)
-----------------------------	-------	---------

Due from affiliates	(8,866)	12,915
---------------------	---------	--------

Inventories	(889)	(22,848)
-------------	-------	----------

Prepaid and other current assets	3,035	(4,892)
----------------------------------	-------	---------

Accounts payable, trade	(8,885)	26,547
-------------------------	---------	--------

Due to affiliates	11,336	32,002
-------------------	--------	--------

Accrued and other current liabilities	(7,566)	2,209
---------------------------------------	---------	-------

Other â€” net	(3,413)	3,887
---------------	---------	-------

Net cash provided by operating activities	97,714	42,458
--	--------	--------

**CASH FLOWS FROM INVESTING  
ACTIVITIES:**

---

(26,865)
----------

---

(31,994)
----------

Purchase of property, plant and equipment		
Nordural expansion â€” Helguvik	(277)	(2,855)
Purchase of carbon anode assets and improvements	(12,280)	(8,519)
Purchase of Sebree smelter	(1,042)	(48,058)
Proceeds from sale of property, plant and equipment	46	515
Restricted and other cash deposits	480	(3,015)
Net cash used in investing activities	(39,938)	(93,926)
<b><i>CASH FLOWS FROM FINANCING ACTIVITIES:</i></b>		
Repayment of debt	(2,603)	(249,604)
Proceeds from issuance of debt	0	246,330
Borrowings under revolving credit facilities	91,731	16,725
Repayments under revolving credit facilities	(97,731)	0
Debt issuance costs	0	(3,994)
Debt retirement costs	0	(1,208)
Issuance of common stock	149	44
Net cash provided by (used in) financing activities	(8,454)	8,293
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>49,322</b>	<b>(43,175)</b>
Cash and cash equivalents, beginning of period	84,088	183,976
Cash and cash equivalents, end of period	\$ 133,410	\$ 140,801

**General**

*General*

**9 Months Ended**

**Sep. 30, 2014**

*General [Abstract]*

General

General

The accompanying unaudited interim consolidated financial statements of Century Aluminum Company should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013. In management's opinion, the unaudited interim consolidated financial statements reflect all adjustments, which are of a normal and recurring nature, that are necessary for a fair presentation of financial results for the interim periods presented. Operating results for the first nine months of 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. Throughout this Form 10-Q, and unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum," "Century," the "Company", "we," "us," "our" and "ours" refer to Century Aluminum Company and its consolidated subsidiaries.



## Acquisition of Sebree aluminum smelter

### Acquisition of Sebree aluminum smelter

9 Months Ended

Sep. 30, 2014

### Business Combinations [Abstract]

#### Acquisition of Sebree aluminum smelter

#### Acquisition of Sebree aluminum 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 annualized hot metal production capacity of 205,000 tonnes of primary aluminum and employs approximately 500 people. The purchase price for the acquisition was \$61,000 (subject to customary working capital adjustments). As part of the transaction, RTA retained all historical environmental liabilities of the Sebree smelter and funded the pension plan assumed by Century in accordance with the purchase agreement.

#### Working Capital Adjustment

In July 2014, we reached the final determination of the working capital adjustments for the Sebree acquisition, resulting in a final purchase price of \$49,035. As the final determination was subsequent to the expiration of measurement period defined under ASC 805, we recognized a gain of approximately \$965 in the second quarter of 2014 (these adjustments were not included as part of the gain on bargain purchase recorded in 2013). The gain was recorded in other income (expense) – net, from the release of accrued amounts related to the acquisition.

#### Purchase Price Allocation

Allocating the purchase price to the acquired assets and liabilities involves management judgment. We allocated the purchase price in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 "Business Combinations" using the estimated fair values at the date of acquisition. Based on the final purchase price allocation, we recorded a gain on bargain purchase of \$5,253 in 2013. The following table summarizes the fair value of the assets acquired and the liabilities assumed as of the acquisition date:

	<u>Acquisition Date Fair Value</u>
Consideration:	
Cash	\$ 48,083
Deferred purchase price	1,910
Assets Acquired:	
Inventories	59,018
Prepaid and other current assets	2,273
Property, plant and equipment – net	55,520
Total assets acquired	<u>\$ 116,811</u>
Liabilities Assumed:	
Accrued and other current liabilities	\$ 43,316
Accrued pension benefit costs	996
Accrued post retirement benefit costs	6,544
Other liabilities	7,476
Deferred taxes	3,233
Total liabilities assumed	<u>\$ 61,565</u>
Gain on bargain purchase:	<u>\$ 5,253</u>

The following unaudited pro forma financial information for the three and nine months ended September 30, 2013 reflects our results of continuing operations as if the acquisition of Sebree had been completed on January 1, 2013. This 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 January 1, 2013, nor is it indicative of the future consolidated results of operations or financial position of the combined companies.

	<u>Nine months ended September 30, 2013</u>
Pro forma revenues	\$ 1,261,533
Pro forma loss from continuing operations	(57,853)
Loss per common share, basic	(0.65)
Loss per common share, diluted	(0.65)

Our net income for the three months ended September 30, 2014 and 2013, includes a non-recurring credit for the amortization of the deferred power contract liability of \$0 and \$11,720, respectively. Our net income for the nine months ended September 30, 2014 and 2013 includes a non-recurring credit for the amortization of the deferred power contract liability of \$5,534 and \$14,461, respectively, related to the amortization of an unfavorable power contract assumed as part of the Sebree acquisition resulting in a credit to our depreciation and amortization expense within cost of goods sold on the consolidated statement of operations for the first quarter of 2014. The power contract terminated on January 31, 2014.

## Fair value measurements

### Fair value measurements

9 Months Ended

Sep. 30, 2014

### Fair Value Disclosures [Abstract]

#### Fair value measurements

#### Fair value measurements

The following section describes the valuation methodology used to measure our financial assets and liabilities that were accounted for at fair value and are categorized based on the fair value hierarchy described in ASC 820 "Fair Value Measurements and Disclosures."

#### Overview of Century's valuation methodology

	Level	Significant inputs
Cash equivalents	1	Quoted market prices
Trust assets (1)	1	Quoted market prices
Surety bonds	1	Quoted market prices
E.ON ("E.ON") contingent obligation	3	Quoted London Metal Exchange ("LME") forward market, management's estimates of the LME forward market prices for periods beyond the quoted periods and management's estimate of future level of operations at Century Aluminum of Kentucky, our wholly owned subsidiary ("CAKY")
Primary aluminum sales contract	3	Management's estimates of future U.S. Midwest premium and risk-adjusted discount rates
Midwest premium contracts	3	Management's estimates of future U.S. Midwest premium

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

#### Fair value measurements

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

The following table sets forth our financial assets and liabilities that were accounted for at fair value on a recurring basis by the level of input within the ASC 820 fair value hierarchy. As required by generally accepted accounting principles in the United States ("GAAP") for fair value measurements and disclosures, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and the placement within the fair value hierarchy levels. There were no transfers between Level 1 and 2 during the periods presented. There were no transfers into or out of Level 3 during the periods presented. It is our policy to recognize transfers into and transfers out of Level 3 as of the actual date of the event or change in circumstances that caused the transfer.

Recurring Fair Value Measurements	As of September 30, 2014			
	Level 1	Level 2	Level 3	Total
<b>ASSETS:</b>				
Cash equivalents	\$ 125,960	\$ —	\$ —	\$ 125,960
Trust assets	8,835	—	—	8,835
Surety bonds	1,987	—	—	1,987
<b>TOTAL</b>	<b>\$ 136,782</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 136,782</b>
<b>LIABILITIES:</b>				
E.ON contingent obligation – net (1)	\$ —	\$ —	\$ —	\$ —
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

Recurring Fair Value Measurements	As of December 31, 2013			
	Level 1	Level 2	Level 3	Total
<b>ASSETS:</b>				
Cash equivalents	\$ 49,658	\$ —	\$ —	\$ 49,658
Trust assets	11,151	—	—	11,151
Surety bonds	2,002	—	—	2,002
Midwest premium contracts	—	—	140	140
<b>TOTAL</b>	<b>\$ 62,811</b>	<b>\$ —</b>	<b>\$ 140</b>	<b>\$ 62,951</b>
<b>LIABILITIES:</b>				
E.ON contingent obligation – net (1)	\$ —	\$ —	\$ —	\$ —
Primary aluminum sales contract	—	—	140	140
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 140</b>	<b>\$ 140</b>

(1) See [Note 9 Debt](#) for additional information about the E.ON contingent obligation. Change in Level 3 Fair Value Measurements during the three months ended September 30,

	2014	2013
Derivative liabilities – net		

Beginning balance, July 1,	\$	—	\$	(773)
Total gain included in earnings		—		365
Ending balance, September 30,	\$	—	\$	<u>(408)</u>
Amount of gain included in earnings attributable to the change in unrealized losses relating to assets and liabilities held at September 30,	\$	—	\$	365

Change in Level 3 Fair Value Measurements during the nine months ended September 30,

	Derivative liabilities – net			
	2014	2013		
Beginning balance, January 1,	\$	—	\$	(16,539)
Total gain (loss) included in earnings		(940)		16,131
Settlements		940		—
Ending balance, September 30,	\$	—	\$	<u>(408)</u>
Amount of gain included in earnings attributable to the change in unrealized losses relating to assets and liabilities held at September 30,	\$	—	\$	16,131

The net gain (loss) on our derivative assets and liabilities is recorded in our consolidated statements of operations under net gain (loss) on forward and derivative contracts. See [Note 4 Derivative and hedging instruments](#) for the location of our Level 3 derivative assets and liabilities within our consolidated balance sheets.

## Derivative and hedging instruments

### Derivative and hedging instruments

9 Months Ended

Sep. 30, 2014

### Derivative Instruments and Hedging Activities Disclosure [Abstract]

Derivative and hedging instruments Derivative and hedging instruments

The following table provides the fair value and balance sheet classification of our derivatives:  
Fair Value of Derivative Assets and Liabilities

	Balance sheet location	September 30, 2014	December 31, 2013
<b>DERIVATIVE ASSETS:</b>			
Midwest premium contracts	Prepaid and other current assets	\$ —	\$ 140
<b>TOTAL</b>		<b>\$ —</b>	<b>\$ 140</b>
<b>DERIVATIVE LIABILITIES:</b>			
Primary aluminum sales contract	Accrued and other current liabilities	\$ —	\$ 140
E.ON contingent obligation – net (1)	Other liabilities	—	—
<b>TOTAL</b>		<b>\$ —</b>	<b>\$ 140</b>

(1) See [Note 9 Debt](#) for additional information about the E.ON contingent obligation.

#### Midwest premium contracts

We entered into a fixed-price forward contract that settled monthly from January 2014 to March 2014 based on the

Midwest premium price published in the Platts Metals Week for the applicable period. Losses associated with the settlements of the U.S. Midwest premium contracts were recorded in net gain (loss) on forward and derivative contracts on the consolidated statement of operations.

#### Primary aluminum sales contract

We had a contract to sell to Glencore plc (together with its subsidiaries, "Glencore") primary aluminum produced at Mt. Holly, Hawesville and Sebree through December 31, 2013 (the "Glencore Metal Agreement"). The Glencore Metal Agreement was a physical delivery contract for primary aluminum with variable, LME-based pricing. Under the Glencore Metal Agreement, pricing was based on market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium. We accounted for the Glencore Metal Agreement as a derivative instrument under ASC 815 "Derivatives and Hedging." Gains and losses on the derivative were based on the difference between the contracted U.S. Midwest premium and actual and forecasted U.S. Midwest premiums. Settlements were recorded in related party sales. Unrealized gains (losses) based on forecasted U.S. Midwest premiums were recorded in net gain (loss) on forward and derivative contracts on the consolidated statements of operations.

Derivatives not designated as hedging instruments:

	Location	Gain (loss) recognized in income from derivatives			
		Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
E.ON contingent obligation – net	Net gain (loss) on forward and derivative contracts	\$ 353	\$ 353	\$ 1,059	\$ 16,428
Midwest premium contracts	Net gain (loss) on forward and derivative contracts	—	363	(1,080)	363
Primary aluminum sales contract	Related party sales	—	278	292	1,039
Primary aluminum sales contract	Net gain (loss) on forward and derivative contracts	—	(276)	(153)	(640)
E.ON contingent obligation – net	Interest expense – third party	(353)	(353)	(1,059)	(1,059)

We had the following outstanding forward contracts that were not designated as hedging instruments:

	September 30, 2014	December 31, 2013
Primary aluminum sales contract premium (tonnes) (1)	—	1,782
Midwest premium contracts (tonnes)	—	6,000

(1) Represents the remaining physical deliveries under the Glencore Metal Agreement.

Counterparty credit risk. Forward financial contracts are subject to counterparty credit risk. However, we only enter into forward financial contracts with counterparties we determine to be creditworthy at the time of entering into the contract. If any counterparty failed to perform according to the terms of the

contract, the impact would be limited to the difference between the contract price and the market price applied to the contract volume on the date of settlement.

## Earnings per share

### Earnings per share

9 Months Ended

Sep. 30, 2014

### Earnings Per Share [Abstract]

Earnings (loss) per share

Earnings (loss) per share

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

Our Series A Convertible Preferred Stock has similar characteristics to a "participating security" as described by ASC 260 "Earnings Per Share" and we calculate the amount of earnings (loss) available to common shareholders and basic EPS using the Two-Class Method earnings allocation formula, allocating undistributed income to our preferred shareholder consistent with their participation rights, and diluted EPS using the If-Converted Method when applicable.

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

The following table shows the basic and diluted earnings (loss) per share for the three and nine months ended September 30, 2014 and 2013:

	For the three months ended September 30, 2014			For the three months ended September 30, 2013		
	Income	Shares (000)	Per-Share	Loss	Shares (000)	Per-Share
Net income (loss)	\$ 50,405			\$ (9,507)		
Amount allocated to common stockholders (1)	91.81%			100%		
Basic EPS:						
Income (loss) allocable to common stockholders	46,277	88,827	\$ 0.52	(9,507)	88,611	\$ (0.11)
Effect of Dilutive Securities: Share-based compensation plans	—	705		—	—	
Diluted EPS:						
Income (loss) applicable to common stockholders with assumed conversion	\$ 46,277	89,532	\$ 0.52	\$ (9,507)	88,611	\$ (0.11)
	For the nine months ended September 30, 2014			For the nine months ended September 30, 2013		
	Income	Shares (000)	Per-Share	Loss	Shares (000)	Per-Share
Net income (loss)	\$ 50,645			\$ (30,638)		
Amount allocated to common stockholders (1)	91.79%			100%		
Basic EPS:						
Income (loss) allocable to common stockholders	46,487	88,777	\$ 0.52	(30,638)	88,588	\$ (0.35)
Effect of Dilutive Securities: Share-based compensation plans	—	595		—	—	
Diluted EPS:						
Income (loss) applicable to common stockholders with assumed conversion	\$ 46,487	89,372	\$ 0.52	\$ (30,638)	88,588	\$ (0.35)

(1) We have not allocated net losses between common and preferred stockholders, as the holders of our preferred shares do not have a contractual obligation to share in the loss.

Securities excluded from the calculation of diluted EPS:

	Three months ended September 30, 2014		Nine months ended September 30, 2013	
Stock options (1)	338,433	620,334	344,433	620,334
Service-based share awards (1)	—	573,628	—	522,032

Stock options (1) 338,433 620,334 344,433 620,334  
Service-based share awards (1) — 573,628 — 522,032

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

## Shareholders' equity

### Shareholders' equity

9 Months Ended

Sep. 30, 2014

### Stockholders' Equity Note [Abstract]

#### Shareholders' equity

#### Shareholders' equity

##### Common Stock

Under our Restated Certificate of Incorporation, our Board of Directors is authorized to issue up to 195,000,000 shares of our common stock.

The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock which are currently outstanding, including our Series A Convertible Preferred Stock, or which we may designate and issue in the future.

##### Stock Repurchase Program

In August 2011, our Board of Directors approved a stock repurchase program. Under the program, we may repurchase up to \$60,000 of our outstanding shares of common stock from time to time on the open market at prevailing market prices, in block trades or otherwise. The timing and amount of any shares repurchased is determined by our management based on its evaluation of market conditions, the trading price of the stock and other factors. The repurchase program may be expanded, suspended or discontinued at any time.

Shares of common stock repurchased are recorded at cost as treasury stock and result in a reduction of shareholders' equity in the consolidated balance sheets. From time to time, treasury shares may be reissued as contributions to our employee benefit plans and for the conversion of convertible preferred stock. When shares are reissued, we use an average cost method for determining cost. The difference between the cost of the shares and the reissuance price is added to or deducted from additional paid-in capital.

From August 11, 2011 through September 30, 2014, we repurchased 4,786,521 shares of common stock for an aggregate purchase price of \$49,924. We have made no repurchases since March 2012 and had approximately \$10,076 remaining under the repurchase program authorization as of September 30, 2014.

##### Series A Convertible Preferred Stock

Glencore holds all of the issued and outstanding Series A Convertible Preferred Stock. The issuance of common stock under our stock incentive programs, debt exchange transactions and any stock offering that excludes Glencore participation triggers anti-dilution provisions of the preferred stock agreement and results in the automatic conversion of Series A Convertible Preferred Stock shares into shares of common stock. The Common and Preferred Stock Activity table below contains additional information about preferred stock conversions during the nine months ended September 30, 2014 and 2013.

##### Common and Preferred Stock Activity:

(in shares)

	Preferred stock		Common stock	
	Series A convertible	Treasury	Outstanding	
Beginning balance as of December 31, 2013	79,620	4,786,521	88,710,277	
Conversion of convertible preferred stock	(950)	—	95,039	
Issuance for share-based compensation plans	—	—	132,554	
Ending balance as of September 30, 2014	<u>78,670</u>	<u>4,786,521</u>	<u>88,937,870</u>	
Beginning balance as of December 31, 2012	80,283	4,786,521	88,548,637	
Conversion of convertible preferred stock	(549)	—	54,825	
Issuance for share-based compensation plans	—	—	79,469	
Ending balance as of September 30, 2013	<u>79,734</u>	<u>4,786,521</u>	<u>88,682,931</u>	

## **Income taxes**

### *Income taxes*

**9 Months Ended**

**Sep. 30, 2014**

### *Income Tax Disclosure [Abstract]*

#### Income taxes

#### Income taxes

We recorded income tax expense for the nine months ended September 30, 2014 of \$7,004, which primarily consisted of foreign and state income taxes. Our domestic deferred tax assets, net of deferred tax liabilities, are subject to a valuation allowance; therefore, the domestic losses were not benefited.

We recorded income tax expense for the nine months ended September 30, 2013 of \$4,714, which primarily consisted of foreign and state income taxes.

Our income tax benefit or expense is based on an annual effective tax rate forecast, including estimates and assumptions that could change during the year. The application of the requirements for accounting for income taxes in interim periods, after consideration of our valuation allowance, causes a significant variation in the typical relationship between income tax expense and pretax accounting income.

As of September 30, 2014, all of Century's U.S. and certain foreign deferred tax assets, net of deferred tax liabilities, continue to be subject to a valuation allowance. The realization of these assets is dependent on substantial future taxable income which, at September 30, 2014, is not more likely than not to be achieved.

Our Icelandic tax returns are subject to examination beginning with the 2008 tax year. A review of our 2010 through 2012 tax years was recently completed by the Directorate of Internal Revenue of Iceland and no further action is expected for this matter.



**Inventories***Inventories***9 Months Ended****Sep. 30, 2014***Inventory, Net [Abstract]*

Inventories

Inventories		
Inventories consist of the following:	September 30,	December 31,
	2014	2013
Raw materials	\$ 67,145	\$ 69,776
Work-in-process	21,597	22,183
Finished goods	16,722	17,661
Operating and other supplies	136,286	129,995
Inventories	<u>\$ 241,750</u>	<u>\$ 239,615</u>

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

**Debt**

*Debt*

**9 Months Ended  
Sep. 30, 2014**

**Debt Disclosure [Abstract]**

Debt	September 30, 2014	December 31, 2013
Debt classified as current liabilities:		
Hancock County industrial revenue bonds ("IRBs") due 2028, interest payable quarterly (variable interest rates (not to exceed 12%)) (1)	\$ 7,815	\$ 7,815
7.5% senior unsecured notes due August 15, 2014, interest payable semiannually (2)(3)	—	2,603
Iceland revolving credit facility (3)(4)	—	6,000
Debt classified as non-current liabilities:		
7.5% senior secured notes due June 1, 2021, net of debt discount of \$3,204 and \$3,472, respectively, interest payable semiannually	246,796	246,528
<b>TOTAL</b>	<b>\$ 254,611</b>	<b>\$ 262,946</b>

- (1) The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The IRB interest rate at September 30, 2014 was 0.24%.
- (2) The amount outstanding was repaid upon maturity.
- (3) These items are recorded in accrued and other current liabilities based on the repayment terms and expected maturity.
- (4) Borrowings under the Iceland revolving credit facility bear variable interest based on LIBOR plus the applicable margin per annum. The interest rate at December 31, 2013 was 3.92%.

**U.S. Revolving Credit Facility**

General. We and certain of our direct and indirect domestic subsidiaries (together with Century, the "Borrowers") and Wells Fargo Capital Finance, LLC, as lender and agent, and Credit Suisse AG, BNP Paribas, and Morgan Stanley Senior Funding Inc., as lenders, are parties to the Amended and Restated Loan and Security Agreement (the "U.S. revolving credit facility"), dated May 24, 2013, as amended. The U.S. revolving credit facility has a term through May 24, 2018 and provides for borrowings of up to \$150,000 in the aggregate, including up to \$80,000 under a letter of credit sub-facility. Any letters of credit issued and outstanding under the U.S. revolving credit facility reduce our borrowing availability on a dollar-for-dollar basis. See [Note 17 Subsequent events](#) for additional information about an amendment to the U.S. revolving credit facility.

Status of our U.S. revolving credit facility:

	<u>September 30, 2014</u>
Credit facility maximum amount	\$ 148,560
Borrowing availability, net of outstanding letters of credit	76,327
Outstanding borrowings	—
Letter of credit sub-facility amount	80,000
Outstanding letters of credit issued	72,233

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

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

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

**Iceland Revolving Credit Facility**

General. Nordural Grundartangi ehf, as borrower, and Landsbankinn hf., as lender, entered into a three-year \$50,000 Committed Revolving Credit Facility agreement (the "Iceland revolving credit facility"), dated November 27, 2013. Grundartangi may in the future use the Iceland revolving credit facility to repay existing indebtedness or to finance capital expenditures and for ongoing working capital needs and other general corporate purposes. Under the terms of the Iceland revolving credit facility, when Grundartangi borrows funds it will designate a repayment date, which may be any date prior to the maturity of the Iceland revolving credit facility. The Iceland revolving credit facility has a term through November 27, 2016.

Status of our Iceland revolving credit facility:

September 30, 2014

Credit Facility maximum amount	\$	50,000
Borrowing availability		50,000
Outstanding borrowings		—

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

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

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

7.5% Notes due 2021

**General.** On June 4, 2013, we issued \$250,000 of our 7.5% Notes due 2021 (the "7.5% Notes") in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended. The 7.5% Notes were issued at a discount and we received proceeds of \$246,330, prior to payment of financing fees and related expenses.

**Interest rate.** The 7.5% Notes bear interest at 7.5% per annum on the principal amount, payable semi-annually in arrears in cash on June 1 and December 1 of each year.

**Maturity.** The 7.5% Notes mature on June 1, 2021.

**E.ON contingent obligation**

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

Based on the LME forward market prices for primary aluminum at September 30, 2014 and management's estimate of the LME forward market for periods beyond the quoted periods, we recognized a derivative asset which offsets our contingent obligation. As a result, our net liability decreased and we recorded a gain of \$1,059 and \$16,428 in net gain (loss) on forward and derivative contracts for the nine months ended September 30, 2014 and 2013, respectively. In addition, we believe that we will not have any payment obligations for the E.ON contingent obligation through the term of the agreement, which expires in 2028. However, future increases in the LME forward market may result in a partial or full derecognition of the derivative asset and a corresponding recognition of a loss. The following table provides information about the balance sheet location and gross amounts offset:

Offsetting of financial instruments and derivatives

	Balance sheet location		September 30, 2014	December 31, 2013
E.ON contingent obligation – principal	Other liabilities	\$	(12,902)	\$ (12,902)
E.ON contingent obligation – accrued interest	Other liabilities		(4,938)	(3,879)
E.ON contingent obligation – derivative asset	Other liabilities		17,840	16,781
		<u>\$</u>	<u>—</u>	<u>\$ —</u>

## Commitments and contingencies

### *Commitments and contingencies*

**9 Months Ended**

**Sep. 30, 2014**

### *Commitments and Contingencies Disclosure [Abstract]*

#### Commitments and contingencies

##### Commitments and contingencies

###### Environmental Contingencies

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

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were \$1,340 and \$999 at September 30, 2014 and December 31, 2013, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries. With respect to costs for ongoing environmental compliance, including maintenance and monitoring, such costs are expensed as incurred.

In July 2006, we were named as a defendant, together with certain affiliates of Alcan Inc., in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California, which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC in July 1999. The complaint also seeks costs and attorney fees. The matter is in a preliminary stage in the U.S. District Court for the District of Delaware, and we cannot predict the ultimate outcome of this action or estimate a range of possible losses related to this matter at this time.

###### Matters relating to the St. Croix Alumina Refining Facility

We are a party to a United States Environmental Protection Agency Administrative Order on Consent (the "Order") pursuant to which certain past and present owners of an alumina refining facility at St. Croix, Virgin Islands (the "St. Croix Alumina Refinery") have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. In connection with the sale of the facility by Lockheed Martin Corporation ("Lockheed") to one of our affiliates, Virgin Islands Alumina Corporation ("Vialco"), in 1989, Lockheed, Vialco and Century entered into the Lockheed-Vialco Asset Purchase Agreement. The indemnity provisions contained in the Lockheed-Vialco Asset Purchase Agreement allocate responsibility for certain environmental matters. Lockheed has tendered indemnity to Vialco. We have likewise tendered indemnity to Lockheed. Through September 30, 2014, we have expended approximately \$1,033 on the Hydrocarbon Recovery Plan. At this time, we are not able to estimate the amount of any future potential payments under this indemnification to comply with the Order, but we do not anticipate that any such amounts will have a material adverse effect on our financial condition, results of operations or liquidity, regardless of the final outcome. Vialco sold the St. Croix Alumina Refinery to St. Croix Alumina, LLC, a subsidiary of Alcoa in 1995.

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

###### Legal Contingencies

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

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

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

#### Ravenswood Retiree Medical Benefits changes

In November 2009, Century Aluminum of West Virginia ("CAWV") filed a class action complaint for declaratory judgment against the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USWA"), the USWA's local and certain CAWV retirees, individually and as class representatives, seeking a declaration of CAWV's rights to modify/terminate retiree medical benefits. Later in November 2009, the USWA and representatives of a retiree class filed a separate suit against CAWV, Century Aluminum Company, Century Aluminum Master Welfare Benefit Plan, and various John Does with respect to the foregoing. These actions, entitled Dewhurst, et al. v. Century Aluminum Co., et al., and Century Aluminum of West Virginia, Inc. v. United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO/CLC, et al., have been consolidated and venue has been set in the District Court for the Southern District of West Virginia. In January 2010, the USWA filed a motion for preliminary injunction to prevent us from implementing any modifications to the retiree medical benefits while these lawsuits are pending, which was dismissed by the trial court, and affirmed upon appeal. CAWV has filed a motion for summary judgment of these actions. The case in chief is currently proceeding in the trial court, subject to the court's ruling on the motion for summary judgment.

#### PBGC Settlement

In June 2011, the Pension Benefit Guaranty Corporation (the "PBGC") informed us that it believed a "cessation of operations" under ERISA had occurred at our Ravenswood facility as a result of the curtailment of operations at the facility. Although we disagree that a "cessation of operations" occurred, we entered into a settlement agreement with the PBGC in April 2013 to resolve the matter. Pursuant to the terms of the agreement, we will make additional contributions (above any minimum required contributions) to our defined benefit pension plans totaling approximately \$17,400 over the term of the agreement. During 2013, we made contributions pursuant to this agreement of approximately \$6,700. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we may defer one or more of these payments, but we would be required to provide the PBGC with acceptable security for any deferred payments. In the first quarter of 2014, we elected to defer contributions for 2014 under the PBGC agreement and have provided the PBGC with the appropriate security.

#### Power Commitments and Contingencies

##### Hawesville

We are party to a power supply arrangement with Kenergy and Big Rivers, in effect since August 2013, which provides market-based power to the Hawesville smelter. Under this arrangement, the power companies purchase power on the open market and pass it through to Hawesville at Midcontinent Independent System Operator ("MISO") pricing plus transmission and other costs incurred by them. In connection with this power arrangement, CAKY has received approval from applicable regional transmission organizations and regulatory bodies regarding grid stability and energy import capability.

##### Sebree

We are party to a power supply arrangement with Kenergy and Big Rivers, effective since January 2013, which provides market-based power to the Sebree smelter. Similar to the arrangement at Hawesville, the power companies purchase power on the open market and pass it through to Sebree at MISO pricing plus transmission and other costs incurred by them.

##### Mt. Holly

Mt. Holly has a power purchase agreement (the "Santee Cooper Agreement") with the South Carolina Public Service Authority ("Santee Cooper") with a term through December 2015. The Santee Cooper Agreement provides power for Mt. Holly's full production capacity requirements at prices based on published rate schedules (which are subject to change), with adjustments for fuel prices and other items. The Santee Cooper Agreement restricts Mt. Holly's ability to reduce its power consumption (or the associated payment obligations) below contracted levels and to terminate the agreement, unless, in each case, the LME falls below certain negotiated levels.

In 2012, Mt. Holly and Santee Cooper amended the terms of the Santee Cooper Agreement in order to allow Mt. Holly to receive all or a portion of Mt. Holly's supplemental power requirements from an off-system natural gas-fired power generation facility (the "off-system facility"). The energy charge for supplemental power from the off-system facility is based, among other factors, on the cost of natural gas rather than Santee Cooper's system average fuel costs, which are primarily coal-based. The amended power agreement provides that Mt. Holly may continue to receive its supplemental power requirements from the off-system facility through December 31, 2015.

On June 30, 2014, Mt. Holly gave notice to Santee Cooper under the Santee Cooper Agreement to reduce the contract demand to zero effective December 31, 2015. We are continuing discussions with Santee Cooper and other parties regarding power arrangements for Mt. Holly following December 31, 2015.

##### Ravenswood

CAWV has a power purchase agreement (the "APCo Agreement") with the Appalachian Power Company ("APCo"). CAWV currently purchases a limited amount of power under the APCo Agreement

as necessary to maintain its Ravenswood smelter, which is presently curtailed. Power is supplied under the APCo Agreement at prices set forth in published tariffs (which are subject to change), with certain adjustments.

#### Grundartangi

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

In the fourth quarter of 2011, an additional 47.5 MW of power became available under a power purchase agreement with OR. This power can be used at either Grundartangi or Helguvík and is currently being utilized at Grundartangi.

In June 2012, Nordural Grundartangi ehf entered into a supplemental power contract with Landsvirkjun. The supplemental power contract, which will expire in October 2029 (or upon the occurrence of certain earlier events), will provide Nordural Grundartangi ehf with supplemental power, as Nordural Grundartangi ehf may request from time to time, at LME-based variable rates. Nordural Grundartangi ehf has agreed to make certain prepayments to Landsvirkjun for power expected to be used at a later date in connection with the contract, which will reduce the price paid for power at the time of consumption. As of September 30, 2014, these power prepayments totaled approximately \$2,267. We do not expect to realize the benefits from the prepayments in the near term.

#### Helguvík

Nordural Helguvík ehf has power purchase agreements with HS and OR to provide power to the Helguvík project. These power purchase agreements provide power at LME-based variable rates and contain take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreements. The first stage of power under the OR power purchase agreement (approximately 47.5 MW) became available in the fourth quarter of 2011 and is currently being utilized at Grundartangi.

The power purchase agreements with HS and OR to provide power to Helguvík contain certain conditions to HS's and OR's obligations. HS (with respect to all phases) and OR (with respect to all phases other than the first phase) have alleged that certain of these conditions have not been satisfied. Nordural Helguvík ehf is in discussions with both HS and OR with respect to such conditions and other matters pertaining to these agreements.

In July 2014, HS commenced arbitration proceedings against Nordural Helguvík ehf seeking, among other things, an order declaring, (i) that the conditions to the power contract have not been fulfilled and, (ii) that the power contract is therefore no longer valid. Nordural Helguvík ehf believes HS' renewed claims are without merit and intends to defend itself against them.

In June 2014, Nordural Helguvík ehf entered into a supplemental power contract with OR. The supplemental power contract will expire in October 2036 (or upon the occurrence of certain earlier events) and will provide Grundartangi or Helguvík with supplemental power at LME-based rates, as may be requested from Grundartangi or Helguvík from time to time.

#### Other Commitments and Contingencies

##### Labor Commitments

Approximately 73% of our U.S. based work force is represented by the USWA. CAKY's Hawesville employees represented by the USWA are under a collective bargaining agreement that expires on March 31, 2015. The Sebree employees represented by the USWA are under a collective bargaining agreement that expires on October 28, 2019.

Approximately 82% of Grundartangi's work force is represented by five labor unions, governed by a labor agreement that expires on December 31, 2014.

Approximately 77% of Vlissingen's work force is represented by the Federation for the Metal and Electrical Industry ("FME"), governed by a labor agreement that expires on May 1, 2015.

The labor agreement for CAWV's Ravenswood plant employees represented by the USWA expired on August 31, 2010.

## Forward delivery contracts and financial instruments

### Forward delivery contracts and financial instruments

9 Months Ended

Sep. 30, 2014

### Forward Delivery Contracts and Financial Instruments [Abstract]

#### Forward delivery contracts and financial instruments

#### Forward delivery contracts and financial instruments

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

#### Forward Physical Delivery Agreements

#### Primary Aluminum Sales Contracts

Contract	Customer	Volume	Term	Pricing
Glencore Grundartangi Metal Agreement (1)	Glencore	All primary aluminum produced at Grundartangi, net of tolling and other sales commitments	January 1, 2014 through December 31, 2017	Variable, based on LME and European Duty Paid premium
Southwire Metal Agreement (2)	Southwire	216 million pounds per year (high conductivity molten aluminum)	January 1, 2014 through December 31, 2014	Variable, based on U.S. Midwest Transaction Price

(1) The Glencore Grundartangi Metal Agreement is for all metal produced at Grundartangi from 2014 through 2017 less commitments under existing tolling and other sales contracts. Grundartangi currently estimates that it will sell Glencore approximately 155,000 tonnes of aluminum under this agreement in 2014.

(2) Southwire may, at its option, increase the volume purchased under the agreement by up to four percent by adjusting their monthly metal commitment.

#### Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Glencore Toll Agreement	Glencore	90,000 tonnes per year ("tpy")	Through July 2016	Variable, based on LME and European Duty Paid premium
Glencore Toll Agreement	Glencore	49,000 tpy	Through December 31, 2014	Variable, based on LME and European Duty Paid premium

Apart from the Glencore Grundartangi Metal Agreement, the Southwire Metal Agreement and the Glencore Sweep

Agreement (a contract for all metal produced in the U.S. in 2013, less existing sales agreements and valued-added metal sales, which expired at the end of 2013), we had the following forward delivery contractual commitments:

#### Other forward delivery contracts

	September 30, 2014	December 31, 2013
	(in tonnes)	
Other forward delivery contracts – total	72,025	118,373
Other forward delivery contracts – Glencore	40,760	20,008
Other forward delivery contracts – fixed price	500	—
Other forward delivery contracts – fixed price with Glencore	480	—

We had no outstanding primary aluminum forward financial sales contracts at September 30, 2014. We had no fixed price forward financial contracts to purchase aluminum at September 30, 2014.

#### Forward Financial Instruments

We are party to various forward financial and physical delivery contracts, which are accounted for as derivative instruments. See [Note 4 Derivative and hedging instruments](#) for additional information about these instruments.

**Supplemental cash flow information***Supplemental cash flow information***9 Months Ended****Sep. 30, 2014***Supplemental Cash Flow  
Information [Abstract]*

Supplemental cash flow information		Supplemental cash flow information		Nine months ended September 30,	
		2014	2013		
Cash paid for:					
	Interest	\$ 9,684	\$ 11,293		
	Income/withholding taxes (1)	10,079	27,254		
Non-cash investing activities:					
	Accrued capital costs	\$ 663	\$ 5,734		

(1) We paid withholding taxes in Iceland on intercompany dividends of \$5,491 and \$18,067 during the nine months ended September 30, 2014 and 2013, respectively. Our tax payments in Iceland for withholding taxes, income taxes and any associated refunds are denominated in Icelandic kronur ("ISK").



**Asset retirement obligations (â€œAROâ€ )**

*Asset retirement obligations  
(â€œAROâ€ )*

**9 Months Ended  
Sep. 30, 2014**

**Asset Retirement Obligation  
Disclosure [Abstract]**

Asset retirement obligations  
(â€œAROâ€ )

Asset retirement obligations ("ARO")

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

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

	Nine months ended September 30, 2014	Year ended December 31, 2013
Beginning balance, ARO liability	\$ 27,113	\$ 16,124
Additional ARO liability incurred	1,493	1,730
ARO liabilities settled	(3,547)	(2,580)
Accretion expense	1,114	1,733
Additional ARO liability from Sebree acquisition	—	10,106
Ending balance, ARO liability	<u>\$ 26,173</u>	<u>\$ 27,113</u>

Certain conditional AROs related to the disposal costs of fixed assets at our primary aluminum facilities have not been recorded because they have an indeterminate settlement date. These conditional AROs will be initially recognized in the period in which sufficient information exists to estimate their fair value.

## Components of Accumulated other comprehensive loss

### Components of Accumulated other comprehensive loss

9 Months Ended

Sep. 30, 2014

### Accumulated Other Comprehensive Income (Loss), Net of Tax [Abstract]

Components of accumulated other comprehensive loss	September 30, 2014	December 31, 2013
Defined benefit plan liabilities	\$ (90,386)	\$ (92,177)
Equity in investee other comprehensive income (1)	(12,651)	(12,650)
Unrealized loss on financial instruments	(1,202)	(1,064)
Other comprehensive loss before income tax effect	(104,239)	(105,891)
Income tax effect (2)	12,222	14,059
Accumulated other comprehensive loss	<u>\$ (92,017)</u>	<u>\$ (91,832)</u>

(1)The amount includes our equity in the other comprehensive income of Mt. Holly.

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

	September 30, 2014	December 31, 2013
Defined benefit plan liabilities	\$ 12,445	\$ 14,256
Equity in investee other comprehensive income	368	418
Unrealized loss on financial instruments	(591)	(615)

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive loss ("AOCI"):

	Defined benefit plan and other postretirement liabilities	Equity in investee other comprehensive income	Unrealized loss on financial instruments	Total, net of tax
Balance, July 1, 2014	\$ (77,843)	\$ (12,266)	\$ (1,755)	\$ (91,864)
Other comprehensive income (loss) before reclassifications	—	(17)	—	(17)
Net amount reclassified to net income	(98)	—	(38)	(136)
Balance, September 30, 2014	<u>\$ (77,941)</u>	<u>\$ (12,283)</u>	<u>\$ (1,793)</u>	<u>\$ (92,017)</u>
Balance, July 1, 2013	\$ (125,302)	\$ (12,258)	\$ (1,603)	\$ (139,163)
Other comprehensive income (loss) before reclassifications	—	(17)	—	(17)
Net amount reclassified to net loss	538	—	(38)	500
Balance, September 30, 2013	<u>\$ (124,764)</u>	<u>\$ (12,275)</u>	<u>\$ (1,641)</u>	<u>\$ (138,680)</u>
Balance, December 31, 2013	\$ (77,921)	\$ (12,232)	\$ (1,679)	\$ (91,832)
Other comprehensive income (loss) before reclassifications	440	(51)	—	389
Net amount reclassified to net income	(460)	—	(114)	(574)
Balance, September 30, 2014	<u>\$ (77,941)</u>	<u>\$ (12,283)</u>	<u>\$ (1,793)</u>	<u>\$ (92,017)</u>
Balance, December 31, 2012	\$ (137,441)	\$ (12,224)	\$ (1,527)	\$ (151,192)
Other comprehensive income (loss) before reclassifications	10,349	(51)	—	10,298
Net amount reclassified to net loss	2,328	—	(114)	2,214
Balance, September 30, 2013	<u>\$ (124,764)</u>	<u>\$ (12,275)</u>	<u>\$ (1,641)</u>	<u>\$ (138,680)</u>

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

AOCI Components	Location	For the three months ended		For the nine months ended	
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Defined benefit plan and other postretirement liabilities	Cost of goods sold	\$ 308	\$ 764	\$ 924	\$ 2,758
	Selling, general and administrative expenses	142	148	427	692
	Income tax expense	(548)	(374)	(1,811)	(1,122)
	Net of tax	<u>\$ (98)</u>	<u>\$ 538</u>	<u>\$ (460)</u>	<u>\$ 2,328</u>

Equity in investee other comprehensive income	Cost of goods sold	\$	—	\$	—	\$	—
	Income tax expense		(17)		(17)		(51)
	Net of tax	\$	(17)	\$	(17)	\$	(51)
Unrealized loss on financial instruments	Cost of goods sold	\$	(46)	\$	(46)	\$	(139)
	Income tax expense		8		8		25
	Net of tax	\$	(38)	\$	(38)	\$	(114)

**Components of net periodic benefit cost***Components of net periodic benefit cost***9 Months Ended****Sep. 30, 2014***Components of net periodic benefit cost [Abstract]*

Components of net periodic benefit cost

Components of net periodic benefit cost

	Pension Benefits			
	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Service cost	\$ 1,333	\$ 1,686	\$ 3,999	\$ 3,292
Interest cost	2,871	2,903	8,612	6,293
Expected return on plan assets	(3,550)	(3,723)	(10,648)	(7,337)
Amortization of prior service costs	9	30	27	85
Amortization of net loss	477	723	1,430	2,428
Curtailement	—	—	—	(18)
Net periodic benefit cost	<u>\$ 1,140</u>	<u>\$ 1,619</u>	<u>\$ 3,420</u>	<u>\$ 4,743</u>
	<b>Other Postretirement Benefits ("OPEB")</b>			
	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Service cost	\$ 397	\$ 700	\$ 1,191	\$ 1,862
Interest cost	1,603	1,474	4,809	4,230
Amortization of prior service cost	(961)	(998)	(2,883)	(2,997)
Amortization of net loss	925	1,157	2,777	3,934
Curtailement	—	—	—	(20)
Net periodic benefit cost	<u>\$ 1,964</u>	<u>\$ 2,333</u>	<u>\$ 5,894</u>	<u>\$ 7,009</u>

**Employer contributions**

During the nine months ended September 30, 2014, we made contributions of approximately \$3,296 to the qualified defined benefit plans we sponsor.

**Recently issued accounting standards updates Recently issued accounting standards updates**

*Recently issued accounting standards updates Recently issued accounting standards updates*

**9 Months Ended**

**Sep. 30, 2014**

***New Accounting Pronouncement or Change in Accounting Principle, Current Period Disclosures [Abstract]***

Recently issued accounting standards updates

Recently issued accounting standards updates

In May 2014, the FASB and International Accounting Standards Board ("IASB") issued their final standard on revenue from contracts with customers. The standard, issued as ASU 2014-09 "Revenue From Contracts with Customers" by the FASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance.

The core principal of the new revenue model is that "an entity recognizes revenue for the transfer of promised goods and services to customers in the amount that reflects the expected consideration for those goods and services." When applying the revenue model to contracts within the scope of the ASU, an entity:

- identifies the contract with a customer
- identifies the performance obligations in the contract
- determines the transaction price
- allocates the transaction price to the performance obligations in the contract
- recognizes revenue when (or as) the entity satisfies the performance obligations.

Compared with current GAAP, the ASU requires significantly expanded disclosures about revenue recognition.

The ASU is effective for Century for our fiscal year 2017 and thereafter. Early adoption is not permitted. We are currently evaluating the impact of adoption on our consolidated financial position, results of operations and cash flows.

## Subsequent events

### *Subsequent events*

**9 Months Ended**

**Sep. 30, 2014**

### *Subsequent Events [Abstract]*

#### Subsequent events

#### Subsequent events

We have evaluated all subsequent events through the date the financial statements were issued.

Agreement to acquire full ownership of Mt. Holly aluminum smelter

On October 23, 2014, we announced that our wholly owned subsidiary, Berkeley Aluminum, Inc. ("Berkeley"), had entered into a stock purchase agreement (the "Stock Purchase Agreement") with Alumax Inc. ("Alumax"), a wholly-owned subsidiary of Alcoa Inc. ("Alcoa"), pursuant to which, upon closing, Century will acquire Alcoa's 50.3% stake in Mt. Holly. Following the closing of the transaction, Century will own 100% of Mt. Holly. Mt. Holly, located in Berkeley County, South Carolina, employs approximately 600 people and has an annual production capacity of 229,000 tonnes of primary aluminum.

Pursuant to the terms of the Stock Purchase Agreement, Berkeley has agreed to acquire all of the issued and outstanding shares of capital stock of Alumax of South Carolina Inc., a wholly owned subsidiary of Alumax for \$67,500 in cash less certain amounts owed by Alumax to Mt. Holly and subject to working capital and other similar adjustments (the "Acquisition"). The Acquisition is expected to close in the fourth quarter of 2014 and is subject to customary closing conditions. Century expects to pay for the Acquisition with available cash on hand and borrowings under its revolving credit facility.

Amendment to U.S. revolving credit facility

On October 23, 2014, we entered into an amendment to the U.S. revolving credit facility, pursuant to which the participating banks consented to the Acquisition and revised certain covenants for a 120-day period following the Acquisition to permit the transaction. The amendment also increased Century's letter of credit sub-facility from \$80,000 to \$100,000. See [Note 9 Debt](#) for additional information about the U.S. revolving credit facility.

**Acquisition of Sebree aluminum smelter (Policies)**

*Acquisition of Sebree aluminum  
smelter (Policies)*

**9 Months Ended**

**Sep. 30, 2014**

***Business Combinations [Abstract]***

Purchase Price Allocation

Purchase Price Allocation

Allocating the purchase price to the acquired assets and liabilities involves management judgment. We allocated the purchase price in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 "Business Combinations" using the estimated fair values at the date of acquisition.

**Fair value measurements Level 3 Transfers (Policies)**

*Fair value measurements Level 3  
Transfers (Policies)*

**9 Months Ended**

**Sep. 30, 2014**

*Fair Value Level 3 Transfer  
Disclosure [Abstract]*

Fair Value Level 3 Transfer Policy

It is our policy to recognize transfers into and transfers out of Level 3 as of the actual date of the event or change in circumstances that caused the transfer.



**Acquisition of Sebree aluminum smelter (Tables)****Acquisition of Sebree aluminum  
smelter (Tables)****9 Months Ended****Sep. 30, 2014****Business Combinations [Abstract]**

## Schedule of purchase price allocation

The following table summarizes the fair value of the assets acquired and the liabilities assumed as of the acquisition date:

	<u>Acquisition Date Fair Value</u>
Consideration:	
Cash	\$ 48,083
Deferred purchase price	1,910
Assets Acquired:	
Inventories	59,018
Prepaid and other current assets	2,273
Property, plant and equipment – net	55,520
Total assets acquired	<u>\$ 116,811</u>
Liabilities Assumed:	
Accrued and other current liabilities	\$ 43,316
Accrued pension benefit costs	996
Accrued post retirement benefit costs	6,544
Other liabilities	7,476
Deferred taxes	3,233
Total liabilities assumed	<u>\$ 61,565</u>
Gain on bargain purchase:	<u>\$ 5,253</u>

Sebree acquisition, pro forma  
information

The following unaudited pro forma financial information for the three and nine months ended September 30, 2013 reflects our results of continuing operations as if the acquisition of Sebree had been completed on January 1, 2013. This 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 January 1, 2013, nor is it indicative of the future consolidated results of operations or financial position of the combined companies.

	Nine months ended September 30, 2013
Pro forma revenues	\$ 1,261,533
Pro forma loss from continuing operations	(57,853)
Loss per common share, basic	(0.65)
Loss per common share, diluted	(0.65)

Our net income for the three months ended September 30, 2014 and 2013, includes a non-recurring credit for the amortization of the deferred power contract liability of \$0 and \$11,720, respectively. Our net income for the nine months ended September 30, 2014 and 2013 includes a non-recurring credit for the amortization of the deferred power contract liability of \$5,534 and \$14,461, respectively, related to the amortization of an unfavorable power contract assumed as part of the Sebree acquisition resulting in a credit to our depreciation and amortization expense within cost of goods sold on the consolidated statement of operations for the first quarter of 2014. The power contract terminated on January 31, 2014.

**Fair value measurements (Tables)**

*Fair value measurements (Tables)*

**9 Months Ended  
Sep. 30, 2014**

**Fair Value Disclosures [Abstract]**

Schedule of valuation methodology for assets and liabilities at fair value

The following section describes the valuation methodology used to measure our financial assets and liabilities that were accounted for at fair value and are categorized based on the fair value hierarchy described in ASC 820 "Fair Value Measurements and Disclosures."  
Overview of Century's valuation methodology

	Level	Significant inputs
Cash equivalents	1	Quoted market prices
Trust assets (1)	1	Quoted market prices
Surety bonds	1	Quoted market prices
E.ON ("E.ON") contingent obligation	3	Quoted London Metal Exchange ("LME") forward market, management's estimates of the LME forward market prices for periods beyond the quoted periods and management's estimate of future level of operations at Century Aluminum of Kentucky, our wholly owned subsidiary ("CAKY")
Primary aluminum sales contract	3	Management's estimates of future U.S. Midwest premium and risk-adjusted discount rates
Midwest premium contracts	3	Management's estimates of future U.S. Midwest premium

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

Financial assets and liabilities at fair value on a recurring basis

The following table sets forth our financial assets and liabilities that were accounted for at fair value on a recurring basis by the level of input within the ASC 820 fair value hierarchy. As required by generally accepted accounting principles in the United States ("GAAP") for fair value measurements and disclosures, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and the placement within the fair value hierarchy levels. There were no transfers between Level 1 and 2 during the periods presented. There were no transfers into or out of Level 3 during the periods presented. It is our policy to recognize transfers into and transfers out of Level 3 as of the actual date of the event or change in circumstances that caused the transfer.

Recurring Fair Value Measurements	As of September 30, 2014			
	Level 1	Level 2	Level 3	Total
<b>ASSETS:</b>				
Cash equivalents	\$ 125,960	\$ —	\$ —	\$ 125,960
Trust assets	8,835	—	—	8,835
Surety bonds	1,987	—	—	1,987
<b>TOTAL</b>	<b>\$ 136,782</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 136,782</b>
<b>LIABILITIES:</b>				
E.ON contingent obligation – net (1)	\$ —	\$ —	\$ —	\$ —
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

Recurring Fair Value Measurements	As of December 31, 2013			
	Level 1	Level 2	Level 3	Total
<b>ASSETS:</b>				
Cash equivalents	\$ 49,658	\$ —	\$ —	\$ 49,658
Trust assets	11,151	—	—	11,151
Surety bonds	2,002	—	—	2,002
Midwest premium contracts	—	—	140	140
<b>TOTAL</b>	<b>\$ 62,811</b>	<b>\$ —</b>	<b>\$ 140</b>	<b>\$ 62,951</b>
<b>LIABILITIES:</b>				
E.ON contingent obligation – net (1)	\$ —	\$ —	\$ —	\$ —
Primary aluminum sales contract	—	—	140	140
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 140</b>	<b>\$ 140</b>

- (1) See [Note 9 Debt](#) for additional information about the E.ON contingent obligation.

Change in level 3 fair value measurements

		Derivative liabilities – net	
		2014	2013
Change in Level 3 Fair Value Measurements during the three months ended September 30,			
Beginning balance, July 1,		\$ —	\$ (773)
Total gain included in earnings		—	365
Ending balance, September 30,		<u>\$ —</u>	<u>\$ (408)</u>
Amount of gain included in earnings attributable to the change in unrealized losses relating to assets and liabilities held at September 30,		\$ —	\$ 365
Change in Level 3 Fair Value Measurements during the nine months ended September 30,			
		Derivative liabilities – net	
		2014	2013
Beginning balance, January 1,		\$ —	\$ (16,539)
Total gain (loss) included in earnings		(940)	16,131
Settlements		940	—
Ending balance, September 30,		<u>\$ —</u>	<u>\$ (408)</u>
Amount of gain included in earnings attributable to the change in unrealized losses relating to assets and liabilities held at September 30,		\$ —	\$ 16,131

## Derivative and hedging instruments (Tables)

### Derivative and hedging instruments (Tables)

9 Months Ended  
Sep. 30, 2014

### Derivative Instruments and Hedging Activities Disclosure [Abstract]

Fair value of derivative assets and  
liabilities by balance sheet location

The following table provides the fair value and balance sheet classification of our derivatives:  
Fair Value of Derivative Assets and Liabilities

	Balance sheet location	September 30, 2014	December 31, 2013
<b>DERIVATIVE ASSETS:</b>			
Midwest premium contracts	Prepaid and other current assets	\$ —	\$ 140
<b>TOTAL</b>		<b>\$ —</b>	<b>\$ 140</b>
<b>DERIVATIVE LIABILITIES:</b>			
Primary aluminum sales contract	Accrued and other current liabilities	\$ —	\$ 140
E.ON contingent obligation – net (1)	Other liabilities	—	—
<b>TOTAL</b>		<b>\$ —</b>	<b>\$ 140</b>

(1) See [Note 9 Debt](#) for additional information about the E.ON contingent obligation.

Derivatives not designated as hedging  
instruments

Derivatives not designated as hedging instruments:

		Gain (loss) recognized in income from derivatives			
		Three months ended September 30,		Nine months ended September 30,	
	Location	2014	2013	2014	2013
E.ON contingent obligation – net	Net gain (loss) on forward and derivative contracts	\$ 353	\$ 353	\$ 1,059	\$ 16,428
Midwest premium contracts	Net gain (loss) on forward and derivative contracts	—	363	(1,080)	363
Primary aluminum sales contract	Related party sales	—	278	292	1,039
Primary aluminum sales contract	Net gain (loss) on forward and derivative contracts	—	(276)	(153)	(640)
E.ON contingent obligation – net	Interest expense – third party	(353)	(353)	(1,059)	(1,059)

Outstanding forward contracts not  
designated as hedging instruments

We had the following outstanding forward contracts that were not designated as hedging instruments:

	September 30, 2014	December 31, 2013
Primary aluminum sales contract premium (tonnes) (1)	—	1,782
Midwest premium contracts (tonnes)	—	6,000

(1) Represents the remaining physical deliveries under the Glencore Metal Agreement.

## Earnings per share (Tables)

### Earnings per share (Tables)

## 9 Months Ended

Sep. 30, 2014

### Earnings Per Share [Abstract]

Basic and diluted earnings (loss) per share

The following table shows the basic and diluted earnings (loss) per share for the three and nine months ended September 30, 2014 and 2013:

	For the three months ended September 30,					
	2014			2013		
	Income	Shares (000)	Per-Share	Loss	Shares (000)	Per-Share
Net income (loss)	\$ 50,405			\$ (9,507)		
Amount allocated to common stockholders (1)	91.81%			100%		
Basic EPS:						
Income (loss) allocable to common stockholders	46,277	88,827	\$ 0.52	(9,507)	88,611	\$ (0.11)
Effect of Dilutive Securities: Share-based compensation plans	—	705		—	—	
Diluted EPS:						
Income (loss) applicable to common stockholders with assumed conversion	\$ 46,277	89,532	\$ 0.52	\$ (9,507)	88,611	\$ (0.11)
	For the nine months ended September 30,					
	2014			2013		
	Income	Shares (000)	Per-Share	Loss	Shares (000)	Per-Share
Net income (loss)	\$ 50,645			\$ (30,638)		
Amount allocated to common stockholders (1)	91.79%			100%		
Basic EPS:						
Income (loss) allocable to common stockholders	46,487	88,777	\$ 0.52	(30,638)	88,588	\$ (0.35)
Effect of Dilutive Securities: Share-based compensation plans	—	595		—	—	
Diluted EPS:						
Income (loss) applicable to common stockholders with assumed conversion	\$ 46,487	89,372	\$ 0.52	\$ (30,638)	88,588	\$ (0.35)

(1) We have not allocated net losses between common and preferred stockholders, as the holders of our preferred shares do not have a contractual obligation to share in the loss.

Securities excluded from the calculation of diluted EPS

Securities excluded from the calculation of diluted EPS:

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013

Stock options (1)	338,433	620,334	344,433	620,334
Service-based share awards (1)	—	573,628	—	522,032

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

**Shareholders' equity (Tables)***Shareholders' equity (Tables)***9 Months Ended****Sep. 30, 2014***Stockholders' Equity Note [Abstract]*Common and Preferred Stock  
Activity

The Common and Preferred Stock Activity table below contains additional information about preferred stock conversions during the nine months ended September 30, 2014 and 2013.

## Common and Preferred Stock Activity:

(in shares)	Preferred stock		Common stock	
	Series A convertible	Treasury	Outstanding	
Beginning balance as of December 31, 2013	79,620	4,786,521	88,710,277	
Conversion of convertible preferred stock	(950)	—	95,039	
Issuance for share-based compensation plans	—	—	132,554	
Ending balance as of September 30, 2014	<u>78,670</u>	<u>4,786,521</u>	<u>88,937,870</u>	
Beginning balance as of December 31, 2012	80,283	4,786,521	88,548,637	
Conversion of convertible preferred stock	(549)	—	54,825	
Issuance for share-based compensation plans	—	—	79,469	
Ending balance as of September 30, 2013	<u>79,734</u>	<u>4,786,521</u>	<u>88,682,931</u>	

**Inventories (Tables)**

*Inventories (Tables)*

**9 Months Ended**

**Sep. 30, 2014**

*Inventory, Net [Abstract]*

Schedule of Inventories

Inventories consist of the following:	September 30, December 31,	
	2014	2013
Raw materials	\$ 67,145	\$ 69,776
Work-in-process	21,597	22,183
Finished goods	16,722	17,661
Operating and other supplies	136,286	129,995
Inventories	<u>\$ 241,750</u>	<u>\$ 239,615</u>

**Debt (Tables)**

*Debt (Tables)*

**9 Months Ended**

**Sep. 30, 2014**

**Debt Disclosure [Abstract]**

Schedule of Debt

	September 30, 2014	December 31, 2013
Debt classified as current liabilities:		
Hancock County industrial revenue bonds ("IRBs") due 2028, interest payable quarterly (variable interest rates (not to exceed 12%)) (1)	\$ 7,815	\$ 7,815
7.5% senior unsecured notes due August 15, 2014, interest payable semiannually (2)(3)	—	2,603
Iceland revolving credit facility (3)(4)	—	6,000
Debt classified as non-current liabilities:		
7.5% senior secured notes due June 1, 2021, net of debt discount of \$3,204 and \$3,472, respectively, interest payable semiannually	246,796	246,528
<b>TOTAL</b>	<u>\$ 254,611</u>	<u>\$ 262,946</u>

- (1) The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The IRB interest rate at September 30, 2014 was 0.24%.
- (2) The amount outstanding was repaid upon maturity.
- (3) These items are recorded in accrued and other current liabilities based on the repayment terms and expected maturity.
- (4) Borrowings under the Iceland revolving credit facility bear variable interest based on LIBOR plus the applicable margin per annum. The interest rate at December 31, 2013 was 3.92%.

Schedule of Line of Credit Facilities

Status of our Iceland revolving credit facility:

	<u>September 30, 2014</u>
Credit Facility maximum amount	\$ 50,000
Borrowing availability	50,000
Outstanding borrowings	—

Status of our U.S. revolving credit facility:

	<u>September 30, 2014</u>
Credit facility maximum amount	\$ 148,560
Borrowing availability, net of outstanding letters of credit	76,327
Outstanding borrowings	—
Letter of credit sub-facility amount	80,000
Outstanding letters of credit issued	72,233

Offsetting of financial instruments and derivatives

The following table provides information about the balance sheet location and gross amounts offset:  
Offsetting of financial instruments and derivatives

	Balance sheet location	September 30, 2014	December 31, 2013
E.ON contingent obligation – principal	Other liabilities	\$ (12,902)	\$ (12,902)
E.ON contingent obligation – accrued interest	Other liabilities	(4,938)	(3,879)
E.ON contingent obligation – derivative asset	Other liabilities	17,840	16,781
		<u>\$ —</u>	<u>\$ —</u>



**Forward delivery contracts and financial instruments (Tables)**

*Forward delivery contracts and financial instruments (Tables)*

**9 Months Ended**

**Sep. 30, 2014**

**Forward Delivery Contracts and Financial Instruments [Abstract]**

Schedule of Forward Physical Delivery Agreements

Forward Physical Delivery Agreements				
Primary Aluminum Sales Contracts				
Contract	Customer	Volume	Term	Pricing
Glencore Grundartangi Metal Agreement (1)	Glencore	All primary aluminum produced at Grundartangi, net of tolling and other sales commitments	January 1, 2014 through December 31, 2017	Variable, based on LME and European Duty Paid premium
Southwire Metal Agreement (2)	Southwire	216 million pounds per year (high conductivity molten aluminum)	January 1, 2014 through December 31, 2014	Variable, based on U.S. Midwest Transaction Price
<p>(1) The Glencore Grundartangi Metal Agreement is for all metal produced at Grundartangi from 2014 through 2017 less commitments under existing tolling and other sales contracts. Grundartangi currently estimates that it will sell Glencore approximately 155,000 tonnes of aluminum under this agreement in 2014.</p> <p>(2) Southwire may, at its option, increase the volume purchased under the agreement by up to four percent by adjusting their monthly metal commitment.</p>				
Tolling Contracts				
Contract	Customer	Volume	Term	Pricing
Glencore Toll Agreement	Glencore	90,000 tonnes per year ("tpy")	Through July 2016	Variable, based on LME and European Duty Paid premium
Glencore Toll Agreement	Glencore	49,000 tpy	Through December 31, 2014	Variable, based on LME and European Duty Paid premium

Apart from the Glencore Grundartangi Metal Agreement, the Southwire Metal Agreement and the Glencore Sweep Agreement (a contract for all metal produced in the U.S. in 2013, less existing sales agreements and valued-added metal sales, which expired at the end of 2013), we had the following forward delivery contractual commitments:

Other forward delivery contracts	September 30, 2014	December 31, 2013
	(in tonnes)	
Other forward delivery contracts – total	72,025	118,373
Other forward delivery contracts – Glencore	40,760	20,008
Other forward delivery contracts – fixed price	500	—
Other forward delivery contracts – fixed price with Glencore	480	—

**Supplemental cash flow information (Tables)***Supplemental cash flow information  
(Tables)***9 Months Ended****Sep. 30, 2014***Supplemental Cash Flow  
Information [Abstract]*

## Supplemental cash flow information

	Nine months ended September 30,	
	2014	2013
Cash paid for:		
Interest	\$ 9,684	\$ 11,293
Income/withholding taxes (1)	10,079	27,254
Non-cash investing activities:		
Accrued capital costs	\$ 663	\$ 5,734

- (1) We paid withholding taxes in Iceland on intercompany dividends of \$5,491 and \$18,067 during the nine months ended September 30, 2014 and 2013, respectively. Our tax payments in Iceland for withholding taxes, income taxes and any associated refunds are denominated in Icelandic kronur ("ISK").

**Asset retirement obligations (â€œAROâ€ ) (Tables)**

*Asset retirement obligations  
(â€œAROâ€ ) (Tables)*

**9 Months Ended  
Sep. 30, 2014**

**Asset Retirement Obligation  
Disclosure [Abstract]**

Schedule of changes in asset  
retirement obligations

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

	Nine months ended September 30, 2014	Year ended December 31, 2013
Beginning balance, ARO liability	\$ 27,113	\$ 16,124
Additional ARO liability incurred	1,493	1,730
ARO liabilities settled	(3,547)	(2,580)
Accretion expense	1,114	1,733
Additional ARO liability from Sebree acquisition	—	10,106
Ending balance, ARO liability	<u>\$ 26,173</u>	<u>\$ 27,113</u>

**Components of Accumulated other comprehensive loss (Tables)**

*Components of Accumulated other comprehensive loss (Tables)*

**9 Months Ended**

**Sep. 30, 2014**

**Accumulated Other Comprehensive Income (Loss), Net of Tax [Abstract]**

Components of Accumulated Other Comprehensive Loss

	September 30, 2014	December 31, 2013
Defined benefit plan liabilities	\$ (90,386)	\$ (92,177)
Equity in investee other comprehensive income (1)	(12,651)	(12,650)
Unrealized loss on financial instruments	(1,202)	(1,064)
Other comprehensive loss before income tax effect	(104,239)	(105,891)
Income tax effect (2)	12,222	14,059
Accumulated other comprehensive loss	<u>\$ (92,017)</u>	<u>\$ (91,832)</u>

(1) The amount includes our equity in the other comprehensive income of Mt. Holly.

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

	September 30, 2014	December 31, 2013
Defined benefit plan liabilities	\$ 12,445	\$ 14,256
Equity in investee other comprehensive income	368	418
Unrealized loss on financial instruments	(591)	(615)

Accumulated balances for each component of AOCI

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive loss ("AOCI"):

	Defined benefit plan and other postretirement liabilities	Equity in investee other comprehensive income	Unrealized loss on financial instruments	Total, net of tax
Balance, July 1, 2014	\$ (77,843)	\$ (12,266)	\$ (1,755)	\$ (91,864)
Other comprehensive income (loss) before reclassifications	—	(17)	—	(17)
Net amount reclassified to net income	(98)	—	(38)	(136)
Balance, September 30, 2014	<u>\$ (77,941)</u>	<u>\$ (12,283)</u>	<u>\$ (1,793)</u>	<u>\$ (92,017)</u>
Balance, July 1, 2013	\$ (125,302)	\$ (12,258)	\$ (1,603)	\$ (139,163)
Other comprehensive income (loss) before reclassifications	—	(17)	—	(17)
Net amount reclassified to net loss	538	—	(38)	500
Balance, September 30, 2013	<u>\$ (124,764)</u>	<u>\$ (12,275)</u>	<u>\$ (1,641)</u>	<u>\$ (138,680)</u>
Balance, December 31, 2013	\$ (77,921)	\$ (12,232)	\$ (1,679)	\$ (91,832)
Other comprehensive income (loss) before reclassifications	440	(51)	—	389
Net amount reclassified to net income	(460)	—	(114)	(574)
Balance, September 30, 2014	<u>\$ (77,941)</u>	<u>\$ (12,283)</u>	<u>\$ (1,793)</u>	<u>\$ (92,017)</u>
Balance, December 31, 2012	\$ (137,441)	\$ (12,224)	\$ (1,527)	\$ (151,192)
Other comprehensive income (loss) before reclassifications	10,349	(51)	—	10,298
Net amount reclassified to net loss	2,328	—	(114)	2,214
Balance, September 30, 2013	<u>\$ (124,764)</u>	<u>\$ (12,275)</u>	<u>\$ (1,641)</u>	<u>\$ (138,680)</u>

Reclassification out of AOCI

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

AOCI Components	Location	For the three months ended		For the nine months ended	
		September 30, 2014	2013	September 30, 2014	2013
Defined benefit plan and other postretirement liabilities	Cost of goods sold	\$ 308	\$ 764	\$ 924	\$ 2,758
	Selling, general and administrative expenses	142	148	427	692
	Income tax expense	(548)	(374)	(1,811)	(1,122)
	Net of tax	<u>\$ (98)</u>	<u>\$ 538</u>	<u>\$ (460)</u>	<u>\$ 2,328</u>
Equity in investee other comprehensive income	Cost of goods sold	\$ —	\$ —	\$ —	\$ —
	Income tax expense	(17)	(17)	(51)	(51)
	Net of tax	<u>\$ (17)</u>	<u>\$ (17)</u>	<u>\$ (51)</u>	<u>\$ (51)</u>

Unrealized loss on  
financial instruments

Cost of goods sold	\$	(46)	\$	(46)	\$	(139)	\$	(139)
Income tax expense		<u>8</u>		<u>8</u>		<u>25</u>		<u>25</u>
Net of tax	\$	<u>(38)</u>	\$	<u>(38)</u>	\$	<u>(114)</u>	\$	<u>(114)</u>

**Components of net periodic benefit cost (Tables)**

*Components of net periodic benefit cost (Tables)*

**9 Months Ended**

**Sep. 30, 2014**

*Components of net periodic benefit cost [Abstract]*

Schedule of net periodic benefit cost

	Pension Benefits			
	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Service cost	\$ 1,333	\$ 1,686	\$ 3,999	\$ 3,292
Interest cost	2,871	2,903	8,612	6,293
Expected return on plan assets	(3,550)	(3,723)	(10,648)	(7,337)
Amortization of prior service costs	9	30	27	85
Amortization of net loss	477	723	1,430	2,428
Curtailment	—	—	—	(18)
Net periodic benefit cost	<u>\$ 1,140</u>	<u>\$ 1,619</u>	<u>\$ 3,420</u>	<u>\$ 4,743</u>
	Other Postretirement Benefits ("OPEB")			
	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Service cost	\$ 397	\$ 700	\$ 1,191	\$ 1,862
Interest cost	1,603	1,474	4,809	4,230
Amortization of prior service cost	(961)	(998)	(2,883)	(2,997)
Amortization of net loss	925	1,157	2,777	3,934
Curtailment	—	—	—	(20)
Net periodic benefit cost	<u>\$ 1,964</u>	<u>\$ 2,333</u>	<u>\$ 5,894</u>	<u>\$ 7,009</u>

**Acquisition of Sebree aluminum smelter (Employee Headcount) (Details) (Sebree Smelter [Member])**

*Acquisition of Sebree aluminum  
smelter (Employee Headcount)  
(Details) (Sebree Smelter [Member])*

**Jun. 01, 2013**

Sebree Smelter [Member]

***Business Acquisition [Line Items]***

Sebree employees

500

**Acquisition of Sebree aluminum smelter (Details) (USD \$)**

<i>Acquisition of Sebree aluminum smelter (Details) (USD \$) In Thousands, except Per Share data, unless otherwise specified</i>	3 Months Ended			9 Months Ended		16 Months Ended	Jun. 01, 2013
	Sep. 30, 2014	Jun. 30, 2014	Sep. 30, 2013	Sep. 30, 2014	Sep. 30, 2013	Sep. 30, 2014	
<b><i>Business Acquisition [Line Items]</i></b>							
Purchase price cash paid				\$ 1,042	\$ 48,058		
Gain on bargain purchase	0		0	0	5,253		
Sebree power contract amortization				(5,534)	(14,461)		
Sebree Smelter [Member]							
<b><i>Business Acquisition [Line Items]</i></b>							
Sebree primary aluminum capacity (tonnes)							205,000
Purchase price for acquisition							61,000
Purchase price cash paid						49,035	
Separately recognized transactions, gains recognized		965					
Gain on bargain purchase						5,253	
Cash						48,083	
Deferred purchase price						1,910	
Inventories	59,018			59,018		59,018	
Prepaid and other current assets	2,273			2,273		2,273	
Property, plant and equipment net	55,520			55,520		55,520	
Total assets acquired	<u>116,811</u>			<u>116,811</u>		<u>116,811</u>	
Accrued and other current liabilities	43,316			43,316		43,316	
Accrued pension benefit costs	996			996		996	
Accrued post retirement benefit costs	6,544			6,544		6,544	
Other liabilities	7,476			7,476		7,476	
Deferred taxes	3,233			3,233		3,233	
Total liabilities assumed	<u>61,565</u>			<u>61,565</u>		<u>61,565</u>	
Sebree power contract amortization	0		11,720	5,534	14,461		
Pro forma revenues					1,261,533		
Pro forma loss from continuing operations					\$ (57,853)		
Loss per common share, basic					\$ (0.65)		
Loss per common share, diluted					\$ (0.65)		



## Fair value measurements (Details) (USD \$)

Fair value measurements (Details) (USD \$) In Thousands, unless otherwise specified	3 Months Ended		9 Months Ended		Sep. 30, 2014 Fair Value, Recurring Measurements, [Member] Fair Value, Inputs, Level 1 [Member]	Dec. 31, 2013 Fair Value, Recurring Measurements, [Member] Fair Value, Inputs, Level 1 [Member]	Sep. 30, 2014 Fair Value, Recurring Measurements, [Member] Fair Value, Inputs, Level 2 [Member]	Dec. 31, 2013 Fair Value, Recurring Measurements, [Member] Fair Value, Inputs, Level 2 [Member]	Sep. 30, 2014 Fair Value, Recurring Measurements, [Member] Fair Value, Inputs, Level 3 [Member]	Dec. 31, 2013 Fair Value, Recurring Measurements, [Member] Fair Value, Inputs, Level 3 [Member]		
	Sep. 30, 2014 Derivative Liabilities – Net [Member]	Sep. 30, 2013 Derivative Liabilities – Net [Member]	Sep. 30, 2014 Derivative Liabilities – Net [Member]	Sep. 30, 2013 Derivative Liabilities – Net [Member]								
<b>ASSETS:</b>												
Cash equivalents					\$ 125,960	\$ 49,658	\$ 125,960	\$ 49,658	\$ 0	\$ 0	\$ 0	\$ 0
Trust assets					8,835	11,151	8,835	11,151	0	0	0	0
Surety bonds					1,987	2,002	1,987	2,002	0	0	0	0
Midwest premium contracts						140		0		0		140
<b>TOTAL</b>					<u>136,782</u>	<u>62,951</u>	<u>136,782</u>	<u>62,811</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>140</u>
<b>LIABILITIES:</b>												
E.ON contingent obligation â€“ net (1)					0 [1]	0 [1]	0 [1]	0 [1]	0 [1]	0 [1]	0 [1]	0 [1]
Primary aluminum sales contract						140		0		0		140
<b>TOTAL</b>					<u>0</u>	<u>140</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>140</u>
<b>Level 3 fair value measurements [Roll Forward]</b>												
Beginning balance, period start	0	(773)	0	(16,539)								
Total gain (loss) included in earnings	0	365	(940)	16,131								
Settlements			940	0								
Ending balance, September 30,	0	(408)	0	(408)								
Amount of gain included in earnings attributable to the change in unrealized losses relating to assets and liabilities held at September 30,	\$ 0	\$ 365	\$ 0	\$ 16,131								

[1]

See Note 9 Debt for additional information about the E.ON contingent obligation.

<b>Derivative and hedging instruments (Details) (Not Designated as Hedging Instrument [Member], USD \$)</b>		
<i>Derivative and hedging instruments (Details) (Not Designated as Hedging Instrument [Member], USD \$)</i>	<b>Sep. 30, 2014</b>	<b>Dec. 31, 2013</b>
<i>In Thousands, unless otherwise specified</i>		
<i>Fair value of derivative assets and liabilities by balance sheet location [Abstract]</i>		
DERIVATIVE ASSETS	\$ 0	\$ 140
DERIVATIVE LIABILITIES	0	140
Midwest Premium Contracts [Member]		
<i>Outstanding forward contracts not designated as hedging instruments [Abstract]</i>		
Midwest premium contracts (tonnes)	0	6,000
Midwest Premium Contracts [Member]   Prepaid and Other Current Assets [Member]		
<i>Fair value of derivative assets and liabilities by balance sheet location [Abstract]</i>		
DERIVATIVE ASSETS	0	140
Primary Aluminum Sales Contracts [Member]   Accrued and Other Current Liabilities [Member]		
<i>Fair value of derivative assets and liabilities by balance sheet location [Abstract]</i>		
DERIVATIVE LIABILITIES	0	140
E.ON Contingent Obligation – Net [Member]   Other Liabilities [Member]		
<i>Fair value of derivative assets and liabilities by balance sheet location [Abstract]</i>		
DERIVATIVE LIABILITIES	\$ 0 [1]	\$ 0 [1]
Primary Aluminum Sales Contract Premium [Member]		
<i>Outstanding forward contracts not designated as hedging instruments [Abstract]</i>		
Primary aluminum sales contract premium (tonnes) (1)	0 [2]	1,782 [2]

[1]

See Note 9 Debt for additional information about the E.ON contingent obligation.

[2]

Represents the remaining physical deliveries under the Glencore Metal Agreement.

<b>Derivative and hedging instruments Part 2 (Details) (Not Designated as Hedging Instrument [Member], USD \$)</b>				
<i>Derivative and hedging instruments Part 2 (Details) (Not Designated as Hedging Instrument [Member], USD \$)</i>	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
<i>In Thousands, unless otherwise specified</i>	<b>Sep. 30, 2014</b>	<b>Sep. 30, 2013</b>	<b>Sep. 30, 2014</b>	<b>Sep. 30, 2013</b>
Primary Aluminum Sales Contracts [Member]   Net Gain (Loss) on Forward and Derivative Contracts [Member]				
<b><i>Derivative Instruments, Gain (Loss) [Line Items]</i></b>				
Gain (loss) recognized in income from derivatives	\$ 0	\$ (276)	\$ (153)	\$ (640)
Primary Aluminum Sales Contracts [Member]   Related Party Sales [Member]				
<b><i>Derivative Instruments, Gain (Loss) [Line Items]</i></b>				
Gain (loss) recognized in income from derivatives	0	278	292	1,039
E.ON Contingent Obligation – Net [Member]   Net Gain (Loss) on Forward and Derivative Contracts [Member]				
<b><i>Derivative Instruments, Gain (Loss) [Line Items]</i></b>				
Gain (loss) recognized in income from derivatives	353	353	1,059	16,428
E.ON Contingent Obligation – Net [Member]   Interest Expense – Third Party [Member]				
<b><i>Derivative Instruments, Gain (Loss) [Line Items]</i></b>				
Gain (loss) recognized in income from derivatives	(353)	(353)	(1,059)	(1,059)
Midwest Premium Contracts [Member]   Net Gain (Loss) on Forward and Derivative Contracts [Member]				
<b><i>Derivative Instruments, Gain (Loss) [Line Items]</i></b>				
Gain (loss) recognized in income from derivatives	\$ 0	\$ 363	\$ (1,080)	\$ 363

**Earnings per share (Details) (USD \$)****Earnings per share (Details) (USD \$)****3 Months Ended****9 Months Ended***In Thousands, except Share data, unless otherwise specified***Sep. 30, 2014****Sep. 30, 2013****Sep. 30, 2014****Sep. 30, 2013****Earnings Per Share [Abstract]**

Net income (loss)	\$ 50,405	\$ (9,507)	\$ 50,645	\$ (30,638)
Amount allocated to common stockholders (in hundredths)	91.81% <sup>[1]</sup>	100.00% <sup>[1]</sup>	91.79% <sup>[1]</sup>	100.00% <sup>[1]</sup>

**Basic EPS:**

Income (loss) allocable to common stockholders	46,277	(9,507)	46,487	(30,638)
Income (loss) allocable to common stockholders – (in Shares)	88,827,000	88,611,000	88,777,000	88,588,000
Earnings Per Share, Basic	\$ 0.52	\$ (0.11)	\$ 0.52	\$ (0.35)

**Effect of Dilutive Securities:**

Share-based compensation plans	0	0	0	0
Share-based compensation plans – (in Shares)	705,000	0	595,000	0

**Diluted EPS:**

Income (loss) applicable to common stockholders with assumed conversion	\$ 46,277	\$ (9,507)	\$ 46,487	\$ (30,638)
Income (loss) applicable to common stockholders with assumed conversion – (in Shares)	89,532,000	88,611,000	89,372,000	88,588,000
Earnings Per Share, Diluted	\$ 0.52	\$ (0.11)	\$ 0.52	\$ (0.35)

## Stock Options [Member]

**Securities Excluded from Computation of Earnings Per Share [Line Items]**

Securities excluded from calculation of diluted EPS (in shares)	338,433 <sup>[2]</sup>	620,334 <sup>[2]</sup>	344,433 <sup>[2]</sup>	620,334 <sup>[2]</sup>
Service-based share awards [Member]				

**Securities Excluded from Computation of Earnings Per Share [Line Items]**

Securities excluded from calculation of diluted EPS (in shares)	0 <sup>[2]</sup>	573,628 <sup>[2]</sup>	0 <sup>[2]</sup>	522,032 <sup>[2]</sup>
---	------------------	------------------------	------------------	------------------------

[1] We have not allocated net losses between common and preferred stockholders, as the holders of our preferred shares do not have a contractual obligation to share in the loss.

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

**Shareholders' equity (Details) (USD \$)**

<i>Shareholders' equity (Details) (USD \$) In Thousands, except Share data, unless otherwise specified</i>	1 Months Ended	9 Months Ended	38 Months Ended	9 Months Ended						
	Aug. 31, 2011	Sep. 30, 2014	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2014 Series A Convertible Preferred Stock [Member]	Sep. 30, 2013 Series A Convertible Preferred Stock [Member]	Sep. 30, 2014 Treasury Stock [Member]	Sep. 30, 2013 Treasury Stock [Member]	Sep. 30, 2014 Common Stock [Member]	Sep. 30, 2013 Common Stock [Member]
<i>Class of Stock [Line Items]</i>										
Common stock, shares authorized (in shares)		195,000,000	195,000,000	195,000,000						
Stock repurchase program, authorized amount	\$ 60,000									
Repurchase of common stock (in shares)			4,786,521							
Repurchase of common stock, aggregate purchase price			49,924							
Stock repurchase program, remaining authorized repurchase amount		\$ 10,076								
<i>Increase (Decrease) in Stockholders' Equity [Roll Forward]</i>										
Shares, Beginning balance					79,620	80,283	4,786,521	4,786,521	88,710,277	88,548,637
Conversion of convertible preferred stock (in shares)					(950)	(549)	0	0	95,039	54,825
Issuance for stock compensation plans (in shares)					0	0	0	0	132,554	79,469
Shares, Ending balance					78,670	79,734	4,786,521	4,786,521	88,937,870	88,682,931

**Income taxes (Details) (USD \$)**

*Income taxes (Details) (USD \$)  
In Thousands, unless otherwise  
specified*

	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>Sep. 30, 2014</b>	<b>Sep. 30, 2013</b>	<b>Sep. 30, 2014</b>	<b>Sep. 30, 2013</b>

**Income Tax Disclosure [Abstract]**

Income tax expense	\$ 6,444	\$ 1,384	\$ 7,004	\$ 4,714
--------------------	----------	----------	----------	----------

**Inventories (Details) (USD \$)**

*Inventories (Details) (USD \$)  
In Thousands, unless otherwise  
specified*

**Sep. 30, 2014**      **Dec. 31, 2013**

***Inventory, Net [Abstract]***

Raw materials	\$ 67,145	\$ 69,776
Work-in-process	21,597	22,183
Finished goods	16,722	17,661
Operating and other supplies	136,286	129,995
Inventories	<u>\$ 241,750</u>	<u>\$ 239,615</u>

**Debt (Details) (USD \$)**

*Debt (Details) (USD \$)  
In Thousands, unless otherwise  
specified*

**9 Months Ended****12 Months Ended****Sep. 30, 2014****Dec. 31, 2013*****Schedule of Debt Instruments [Line Items]***

Industrial revenue bonds	\$ 7,815	\$ 7,815
<b>TOTAL</b>	<b>254,611</b>	<b>262,946</b>

Industrial revenue bonds due 2028  
[Member] | Short-term Debt  
[Member]

***Schedule of Debt Instruments [Line Items]***

Debt Instrument, Unamortized Discount	0 [1]	0 [1]
Debt Instrument, Maturity Date	Apr. 01, 2028 [1]	Apr. 01, 2028 [1]
Debt Instrument, Interest Rate, Effective Percentage Rate Range, Maximum	12.00% [1]	12.00% [1]

Industrial revenue bonds	7,815 [1]	7,815 [1]
Debt Instrument, Interest Rate, Stated Percentage	0.24% [1]	

Senior unsecured notes due August 15, 2014 [Member] | Short-term Debt [Member]

***Schedule of Debt Instruments [Line Items]***

Debt Instrument, Unamortized Discount	0 [2],[3]	0 [2],[3]
Debt Instrument, Maturity Date	Aug. 15, 2014 [2],[3]	Aug. 15, 2014 [2],[3]
Senior unsecured notes, current	0 [2],[3]	2,603 [2],[3]
Debt Instrument, Interest Rate, Stated Percentage	7.50% [2],[3]	7.50% [2],[3]

Iceland revolving line of credit  
[Member] | Short-term Debt  
[Member]

***Schedule of Debt Instruments [Line Items]***

Revolving credit facility	0 [3],[4]	6,000 [3],[4]
Debt Instrument, Interest Rate, Stated Percentage		3.92% [3],[4]

Senior secured notes due June 01, 2021 [Member] | Long-term Debt [Member]

***Schedule of Debt Instruments [Line Items]***

Debt Instrument, Unamortized Discount	3,204	3,472
Debt Instrument, Maturity Date	Jun. 01, 2021	Jun. 01, 2021



Senior secured notes, noncurrent	\$ 246,796	\$ 246,528
Debt Instrument, Interest Rate, Stated Percentage	7.50%	7.50%

[1] The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The IRB interest rate at September 30, 2014 was 0.24%.

[2] The amount outstanding was repaid upon maturity.

[3] These items are recorded in accrued and other current liabilities based on the repayment terms and expected maturity.

[4] Borrowings under the Iceland revolving credit facility bear variable interest based on LIBOR plus the applicable margin per annum. The interest rate at December 31, 2013 was 3.92%.

**Debt Credit Facility (Details) (USD \$)**

<i>Debt Credit Facility (Details) (USD \$)</i> <i>In Thousands, unless otherwise specified</i>	9 Months Ended		9 Months Ended			
	Sep. 30, 2014 U.S. revolving credit facility [Member] Long-term Debt [Member]	Sep. 30, 2014 U.S. letter of credit [Member]	Sep. 30, 2014 U.S. letter of credit [Member] Long-term Debt [Member]	Sep. 30, 2014 Iceland revolving line of credit [Member] Long-term Debt [Member]	Sep. 30, 2014 Short-term Debt [Member] Iceland revolving line of credit [Member]	Dec. 31, 2013 Short-term Debt [Member] Iceland revolving line of credit [Member]
<i>Line of Credit Facility [Line Items]</i>						
Credit facility face amount	\$ 150,000			\$ 50,000		
Credit facility maximum amount	148,560			50,000		
Borrowing availability	76,327			50,000		
Outstanding borrowings	0			0	0 [1],[2]	6,000 [1],[2]
Letter of credit sub-facility amount		80,000	80,000			
Outstanding letters of credit issued			\$ 72,233			
Credit facility term	5 years			3 years		

[1] Borrowings under the Iceland revolving credit facility bear variable interest based on LIBOR plus the applicable margin per annum. The interest rate at December 31, 2013 was 3.92%.

[2] These items are recorded in accrued and other current liabilities based on the repayment terms and expected maturity.

**Debt 7.5% Notes (Details) (Long-term Debt [Member], Senior secured notes due June 01, 2021 [Member], USD \$)**

*Debt 7.5% Notes (Details)  
(Long-term Debt [Member], Senior  
secured notes due June 01, 2021  
[Member], USD \$)  
In Thousands, unless otherwise  
specified*

**12 Months Ended**

**Dec. 31, 2013**

**Sep. 30, 2014**

**Jun. 04, 2013**

Long-term Debt [Member] | Senior  
secured notes due June 01, 2021  
[Member]

***Debt Instrument [Line Items]***

Debt Instrument, Face Amount

\$ 250,000

Proceeds from Issuance of Debt

\$ 246,330

Debt Instrument, Interest Rate, Stated  
Percentage

7.50%

7.50%

**Debt E.ON Contingent Obligation (Details) (USD \$)**

<i>Debt E.ON Contingent Obligation (Details) (USD \$) In Thousands, unless otherwise specified</i>	<b>9 Months Ended</b>		<b>Sep. 30, 2014</b>	<b>Dec. 31, 2013</b>
	<b>Sep. 30, 2014</b>	<b>Sep. 30, 2013</b>	<b>Other Liabilities [Member] E.ON contingent obligation [Member]</b>	<b>Other Liabilities [Member] E.ON contingent obligation [Member]</b>
<i>Debt Instrument [Line Items]</i>				
Unrealized gain on E.ON obligation	\$ 1,059	\$ 16,428		
E.ON contingent obligation â€“ principal			(12,902)	(12,902)
E.ON contingent obligation â€“ accrued interest			(4,938)	(3,879)
E.ON contingent obligation â€“ derivative asset			17,840	16,781
E.ON contingent obligation			<u>\$ 0</u>	<u>\$ 0</u>

<b>Commitments and contingencies (Details) (USD \$)</b>	<b>159 Months Ended</b>		<b>12 Months Ended</b>	<b>45 Months Ended</b>
<i>Commitments and contingencies (Details) (USD \$)</i> <i>In Thousands, unless otherwise specified</i>	<b>Sep. 30, 2014 MW</b>	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2013 PBGC Agreement [Member]</b>	<b>Dec. 31, 2016 PBGC Forecast [Member] PBGC Agreement [Member]</b>
<b><i>Environmental Contingencies</i></b> <b><i>[Abstract]</i></b>				
Environmental-related accrued liabilities	\$ 1,340	\$ 999		
Environmental remediation expense for Hydrocarbon Recovery Plan	1,033			
<b><i>PBCG Settlement [Abstract]</i></b>				
Pension contributions above required minimum, total				17,400
Pension contributions			6,700	
<b><i>OR Power Agreement [Abstract]</i></b>				
Power currently available under the power purchase agreement (in megawatts)	47.5			
Power prepayments	\$ 2,267			
<b><i>Labor Commitments [Abstract]</i></b>				
Percentage of U.S. based work force represented by a union (in hundredths)	73.00%			
Number of labor unions Grundartangi subsidiary entered into a new labor agreement with	5			
Percentage of Grundartangi work force represented by the labor unions (in hundredths)	82.00%			
Percentage of Vlissingen work force represented by the labor union (in hundredths)	77.00%			

## Forward delivery contracts and financial instruments (Details)

9 Months Ended

	Sep. 30, 2014 Primary Aluminum Sales Contracts [Member] Glencore Nordural Metal Agreement [Member] t	Sep. 30, 2014 Primary Aluminum Sales Contracts [Member] Southwire Metal Agreement [Member] lb	Sep. 30, 2014 Long-Term Tolling Contracts [Member] Glencore Toll Agreement 1 [Member] t	Sep. 30, 2014 Long-Term Tolling Contracts [Member] Glencore Toll Agreement 2 [Member] t	Sep. 30, 2014 Other Forward Delivery Contracts [Member] t	Dec. 31, 2013 Other Forward Delivery Contracts [Member] t	Sep. 30, 2014 Glencore [Member] Other Forward Delivery Contracts [Member] t	Dec. 31, 2013 Glencore [Member] Other Forward Delivery Contracts [Member] t
<i>Forward delivery contracts and financial instruments (Details)</i>								
<b>Supply Commitment [Line Items]</b>								
Customer	Glencore	<sup>[1]</sup> Southwire	<sup>[2]</sup> Glencore	Glencore				
Volume	All primary aluminum produced at Grundartangi, net of tolling and other sales commitments	<sup>[1]</sup> 216 million pounds per year (high conductivity molten aluminum)	<sup>[2]</sup> 90,000 tonnes per year ("tpy")	49,000 tpy				
Volume (in tpy and lbs per year)	155,000	216,000,000	90,000	49,000				
Volume adjustment (in percent)		4.00%						
Term	January 1, 2014 through December 31, 2017	<sup>[1]</sup> January 1, 2014 through December 31, 2014	<sup>[2]</sup> Through July 2016	Through December 31, 2014				
Pricing	Variable, based on LME and European Duty Paid premium	<sup>[1]</sup> Variable, based on U.S. Midwest Transaction Price	<sup>[2]</sup> Variable, based on LME and European Duty Paid premium	Variable, based on LME and European Duty Paid premium				
Other forward delivery contracts to sell primary aluminum (in tonnes)					72,025	118,373	40,760	20,008
Other forward delivery contracts to sell primary aluminum at fixed price (in tonnes)					500	0	480	0

[1] The Glencore Grundartangi Metal Agreement is for all metal produced at Grundartangi from 2014 through 2017 less commitments under existing tolling and other sales contracts. Grundartangi currently estimates that it will sell Glencore approximately 155,000 tonnes of aluminum under this agreement in 2014.

[2] Southwire may, at its option, increase the volume purchased under the agreement by up to four percent by adjusting their monthly metal commitment.

**Supplemental cash flow information (Details) (USD \$)****Supplemental cash flow information  
(Details) (USD \$)****9 Months Ended**

<i>In Thousands, unless otherwise specified</i>	<b>Sep. 30, 2014</b>	<b>Sep. 30, 2013</b>
Interest	\$ 9,684	\$ 11,293
Income/withholding taxes (1)	10,079 <sup>[1]</sup>	27,254 <sup>[1]</sup>
Accrued capital costs	663	5,734
Iceland [Member]		
Income/withholding taxes (1)	\$ 5,491	\$ 18,067

[1] We paid withholding taxes in Iceland on intercompany dividends of \$5,491 and \$18,067 during the nine months ended September 30, 2014 and 2013, respectively. Our tax payments in Iceland for withholding taxes, income taxes and any associated refunds are denominated in Icelandic kronur ("ISK").

<b>Asset retirement obligations (â€œAROâ€) (Details) (USD \$)</b>	<b>9 Months Ended</b>		<b>12 Months Ended</b>
<i>Asset retirement obligations (â€œAROâ€) (Details) (USD \$) In Thousands, unless otherwise specified</i>	<b>Sep. 30, 2014</b>		<b>Dec. 31, 2013</b>
<b><i>Asset Retirement Obligation [Roll Forward]</i></b>			
Beginning balance, ARO liability	\$ 27,113		\$ 16,124
Additional ARO liability incurred	1,493		1,730
ARO liabilities settled	(3,547)		(2,580)
Accretion expense	1,114		1,733
Additional ARO liability from Sebree acquisition	0		10,106
Ending balance, ARO liability	\$ 26,173		\$ 27,113



**Components of Accumulated other comprehensive loss (Details) (USD \$)**

<i>Components of Accumulated other comprehensive loss (Details) (USD \$)</i>	3 Months Ended		9 Months Ended						
	<i>In Thousands, unless otherwise specified</i>	Sep. 30, 2014	Sep. 30, 2013	Sep. 30, 2014	Sep. 30, 2013	Jun. 30, 2014	Dec. 31, 2013	Jun. 30, 2013	Dec. 31, 2012
<b>Accumulated Other Comprehensive Income (Loss) [Line Items]</b>									
Other comprehensive loss before income tax effect	\$	(104,239)		\$	(104,239)		\$	(105,891)	
Income tax effect		12,222 <sup>[1]</sup>			12,222 <sup>[1]</sup>			14,059 <sup>[1]</sup>	
Accumulated other comprehensive loss		<u>(92,017)</u>	<u>(138,680)</u>	<u>(92,017)</u>	<u>(138,680)</u>	<u>(91,864)</u>	<u>(91,832)</u>	<u>(139,163)</u>	<u>(151,192)</u>
Other comprehensive income (loss) before reclassifications		(17)	(17)	389	10,298				
Net amount reclassified to net income (loss)		(136)	500	(574)	2,214				
Cost of goods sold		424,918	387,574	1,267,343	1,028,901				
Selling, general and administrative expenses		12,146	14,422	32,826	45,875				
Income tax benefit (expense)		6,444	1,384	7,004	4,714				
Net of tax		50,405	(9,507)	50,645	(30,638)				
Defined benefit plans liabilities [Member]									
<b>Accumulated Other Comprehensive Income (Loss) [Line Items]</b>									
Other comprehensive loss before income tax effect		(90,386)		(90,386)			(92,177)		
Income tax effect		12,445		12,445			14,256		
Accumulated other comprehensive loss		<u>(77,941)</u>	<u>(124,764)</u>	<u>(77,941)</u>	<u>(124,764)</u>	<u>(77,843)</u>	<u>(77,921)</u>	<u>(125,302)</u>	<u>(137,441)</u>
Other comprehensive income (loss) before reclassifications		0	0	440	10,349				
Net amount reclassified to net income (loss)		(98)	538	(460)	2,328				
Equity in investee other comprehensive income [Member]									
<b>Accumulated Other Comprehensive Income (Loss) [Line Items]</b>									
Other comprehensive loss before income tax effect		(12,651) <sup>[2]</sup>		(12,651) <sup>[2]</sup>			(12,650) <sup>[2]</sup>		
Income tax effect		368		368			418		
Accumulated other comprehensive loss		<u>(12,283)</u>	<u>(12,275)</u>	<u>(12,283)</u>	<u>(12,275)</u>	<u>(12,266)</u>	<u>(12,232)</u>	<u>(12,258)</u>	<u>(12,224)</u>
Other comprehensive income (loss) before reclassifications		(17)	(17)	(51)	(51)				
Net amount reclassified to net income (loss)		0	0	0	0				

Unrealized loss on financial instruments [Member]

**Accumulated Other Comprehensive Income (Loss) [Line Items]**

Other comprehensive loss before income tax effect	(1,202)		(1,202)		(1,064)			
Income tax effect	(591)		(591)		(615)			
Accumulated other comprehensive loss	(1,793)	(1,641)	(1,793)	(1,641)	(1,755)	(1,679)	(1,603)	(1,527)
Other comprehensive income (loss) before reclassifications	0	0	0	0				
Net amount reclassified to net income (loss)	(38)	(38)	(114)	(114)				

Reclassification out of Accumulated Other Comprehensive Income [Member] | Defined benefit plans liabilities [Member]

**Accumulated Other Comprehensive Income (Loss) [Line Items]**

Cost of goods sold	308	764	924	2,758
Selling, general and administrative expenses	142	148	427	692
Income tax benefit (expense)	(548)	(374)	(1,811)	(1,122)
Net of tax	(98)	538	(460)	2,328

Reclassification out of Accumulated Other Comprehensive Income [Member] | Equity in investee other comprehensive income [Member]

**Accumulated Other Comprehensive Income (Loss) [Line Items]**

Cost of goods sold	0	0	0	0
Income tax benefit (expense)	(17)	(17)	(51)	(51)
Net of tax	(17)	(17)	(51)	(51)

Reclassification out of Accumulated Other Comprehensive Income [Member] | Unrealized loss on financial instruments [Member]

**Accumulated Other Comprehensive Income (Loss) [Line Items]**

Cost of goods sold	(46)	(46)	(139)	(139)
Income tax benefit (expense)	8	8	25	25
Net of tax	\$ (38)	\$ (38)	\$ (114)	\$ (114)

[1] The allocation of the income tax effect to the components of other comprehensive income is as follows: September 30, 2014December 31, 2013Defined benefit plan liabilities\$12,445\$14,256Equity in investee other comprehensive income368418Unrealized loss on financial instruments(591)(615)

[2] The amount includes our equity in the other comprehensive income of Mt. Holly.

**Components of net periodic benefit cost (Details) (USD \$)**

*Components of net periodic benefit cost (Details) (USD \$)*

**3 Months Ended**

**9 Months Ended**

*In Thousands, unless otherwise specified*

**Sep. 30, 2014**

**Sep. 30, 2013**

**Sep. 30, 2014**

**Sep. 30, 2013**

***Defined Benefit Plans and Other Postretirement Benefit Plans Table Text Block [Line Items]***

Employer contributions

\$ 3,296

Pension Benefits [Member]

***Defined Benefit Plans and Other Postretirement Benefit Plans Table Text Block [Line Items]***

Service cost

1,333

1,686

3,999

3,292

Interest cost

2,871

2,903

8,612

6,293

Expected return on plan assets

(3,550)

(3,723)

(10,648)

(7,337)

Amortization of prior service costs

9

30

27

85

Amortization of net loss

477

723

1,430

2,428

Curtailement

0

0

0

(18)

Net periodic benefit cost

1,140

1,619

3,420

4,743

Other Postretirement Benefits [Member]

***Defined Benefit Plans and Other Postretirement Benefit Plans Table Text Block [Line Items]***

Service cost

397

700

1,191

1,862

Interest cost

1,603

1,474

4,809

4,230

Amortization of prior service costs

(961)

(998)

(2,883)

(2,997)

Amortization of net loss

925

1,157

2,777

3,934

Curtailement

0

0

0

(20)

Net periodic benefit cost

\$ 1,964

\$ 2,333

\$ 5,894

\$ 7,009

**Subsequent events Employees (Details) (Mt. Holly [Member])**

*Subsequent events Employees  
(Details) (Mt. Holly [Member])*

**Oct. 23, 2014**

Mt. Holly [Member]

***Subsequent Event [Line Items]***

Mt. Holly employees

600

**Subsequent events (Details) (USD \$)**

*Subsequent events (Details) (USD \$)  
In Thousands, unless otherwise  
specified*

**0 Months Ended**

	<b>Sep. 30, 2014</b> U.S. letter of credit [Member]	<b>Oct. 23, 2014</b> Mt. Holly [Member] t	<b>Oct. 23, 2014</b> U.S. letter of credit [Member]
--	--	---	--

**Subsequent Event [Line Items]**

Mt. Holly ownership percent acquired		50.30%	
Mt. Holly ownership percent after acquisition		100.00%	
Primary aluminum capacity – (in tonnes)		229,000	
Purchase price for acquisition		\$ 67,500	
Debt Covenants, revised period (in days)			120 days
Letter of credit sub-facility amount	\$ 80,000		\$ 100,000

Financial Reports formatted for presentation by Westlaw Business based on filed XBRL exhibits:  
EX-101.INS, EX-101.SCH and EX-101.CAL