CENTURY ALUMINUM CO
Form 10-Q
November 09, 2009

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

FORM 10-Q

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

For the quarterly period ended September 30, 2009

OR

o 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 Company

(Exact name of Registrant as specified in its Charter)

Delaware (State or other Jurisdiction of Incorporation or Organization)	13-3070826 (IRS Employer Identification No.)
2511 Garden Road Building A, Suite 200 Monterey, California (Address of principal executive offices)	93940 (Zip Code)

Registrant’s telephone number, including area code: (831) 642-9300

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. x Yes o 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).* o Yes o No
* - The registrant is not currently required to submit interactive data files.

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

The registrant had 92,530,068 shares of common stock outstanding at November 3, 2009.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)
(Unaudited)

	September 30, 2009	December 31, 2008
ASSETS		
Cash	$196,337	$129,400
Restricted cash	8,369	865
Short-term investments	—	13,686
Accounts receivable — net	44,661	60,859
Due from affiliates	16,052	39,062
Inventories	130,623	138,111
Prepaid and other current assets	90,262	99,861
Deferred taxes — current portion	—	32,290
Total current assets	486,304	514,134
Property, plant and equipment — net	1,307,855	1,340,037
Intangible asset — net	—	32,527
Due from affiliates – less current portion	7,599	7,599
Other assets	76,912	141,061
TOTAL	$1,878,670	$2,035,358
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	$82,412	$102,143
Due to affiliates	26,517	70,957
Accrued and other current liabilities	48,867	58,777
Accrued employee benefits costs — current portion	12,070	12,070
Convertible senior notes	145,292	152,700
Industrial revenue bonds	7,815	7,815
Total current liabilities	322,973	404,462
Senior unsecured notes payable	250,000	250,000
Revolving credit facility	—	25,000
Accrued pension benefits costs — less current portion	44,622	50,008
Accrued postretirement benefits costs — less current portion	163,317	219,539
Other liabilities	35,730	33,464
Deferred taxes	66,432	71,805
Total noncurrent liabilities	560,101	649,816
CONTINGENCIES AND COMMITMENTS (NOTE 17)		
SHAREHOLDERS' EQUITY:		
Preferred stock (one cent par value, 5,000,000 shares authorized; 145,895 and 155,787 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively)	2	2
Common stock (one cent par value, 195,000,000 shares authorized and 76,149,918 shares issued and outstanding at September 30, 2009; 100,000,000 shares authorized and 49,052,692 shares issued and outstanding at December 31, 2008)	761	491

Additional paid-in capital	2,392,505	2,272,128
Accumulated other comprehensive loss	(61,711)	(137,208)
Accumulated deficit	(1,335,961)	(1,154,333)
Total shareholders’ equity	995,596	981,080
TOTAL	$1,878,670	$2,035,358

See notes to consolidated financial statements

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

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
NET SALES:				
Third-party customers	$169,927	$426,771	$480,438	$1,203,696
Related parties	58,772	125,468	162,001	364,882
	228,699	552,239	642,439	1,568,578
Cost of goods sold	231,051	430,256	722,379	1,194,376
Gross profit (loss)	(2,352)	121,983	(79,940)	374,202
Other operating income – net	(55,599)	—	(22,101)	—
Selling, general and administrative expenses	11,395	11,253	32,786	43,970
Operating income (loss)	41,852	110,730	(90,625)	330,232
Interest expense	(8,004)	(7,892)	(24,023)	(23,915)
Interest expense – related parties	—	(1,144)	—	(1,144)
Interest income	159	1,602	1,235	6,417
Interest income – affiliates	145	146	431	146
Net loss on forward contracts	(914)	(79,103)	(7,784)	(731,195)
Other income (expense) – net	(243)	(1,370)	101	(1,597)
Income (loss) before income taxes and equity in earnings (losses) of joint ventures	32,995	22,969	(120,665)	(421,056)
Income tax benefit	6,577	10,313	8,100	206,949
Income (loss) before equity in earnings (losses) of joint ventures	39,572	33,282	(112,565)	(214,107)
Equity in earnings (losses) of joint ventures	570	2,507	(69,063)	12,466
Net income (loss)	$40,142	$35,789	$(181,628)	$(201,641)
EARNINGS (LOSS) PER COMMON SHARE:				
Basic	$0.45	$0.58	$(2.56)	$(4.66)
Diluted	$0.45	$0.55	$(2.56)	$(4.66)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):				
Basic	74,214	47,720	71,023	43,317
Diluted	74,721	49,975	71,023	43,317
Net income (loss) allocated to common shareholders	$33,270	$27,461	$(181,628)	$(201,641)

See notes to consolidated financial statements

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

	Nine months ended September 30,	
	2009	2008 (As Restated, see Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(181,628)	$(201,641)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Unrealized net loss on forward contracts	1,680	605,105
Unrealized net gain on contractual receivable	(81,168)	—
Realized benefit on contractual receivable	8,634	—
Write-off of intangible asset	23,759	—
Accrued plant curtailment costs	12,956	—
Depreciation and amortization	56,886	62,912
Lower of cost or market inventory adjustment	(40,494)	—
Deferred income taxes	26,212	(200,330)
Pension and other post retirement benefits	10,721	11,677
Stock-based compensation	2,068	12,034
Equity investment impairment	73,234	—
Undistributed earnings of joint ventures	(4,171)	(12,466)
Non-cash gain on early extinguishment of debt	(768)	—
Changes in operating assets and liabilities:		
Accounts receivable – net	16,198	(22,403)
Purchase of short-term trading securities	—	(97,532)
Sale of short-term trading securities	13,686	348,416
Due from affiliates	23,010	(9,771)
Inventories	29,656	(36,119)
Prepaid and other current assets	69,284	(389)
Accounts payable, trade	(11,260)	15,266
Due to affiliates	(18,152)	(1,145,002)
Accrued and other current liabilities	(7,058)	(28,523)
Other – net	5,426	45
Net cash provided by (used in) operating activities	28,711	(698,721)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(14,667)	(26,691)
Nordural expansion	(17,606)	(53,397)
Investments in and advances to joint ventures	(1,038)	(36,973)
Restricted and other cash deposits	(7,504)	(9,710)
Net cash used in investing activities	(40,815)	(126,771)
CASH FLOWS FROM FINANCING ACTIVITIES:		

Repayments of long-term debt – related party	—	(480,198)
Repayments under revolving credit facility	(25,000)	—
Excess tax benefits from shared-based compensation	—	657
Issuance of preferred stock	—	929,480
Issuance of common stock – net	104,041	443,646
Net cash provided by financing activities	79,041	893,585
NET CHANGE IN CASH	66,937	68,093
Cash, beginning of the period	129,400	60,962
Cash, end of the period	$196,337	$129,055

See notes to consolidated financial statements

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CENTURY ALUMINUM COMPANY
Notes to the Consolidated Financial Statements for the
Three and nine months ended September 30, 2009 and 2008
(Dollar amounts in thousands, except per share amounts)
(UNAUDITED)

1. General

The accompanying unaudited interim consolidated financial statements of Century Aluminum Company should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008. 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. This unaudited interim financial information should be read in conjunction with the audited consolidated financial statements and notes thereto included in our current report on Form 8-K filed on October 20, 2009. Operating results for the first nine months of 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. Throughout this Form 10-Q, and unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum," "Century," "we," "us," "our" and "ours" refer to Century Aluminum Company and its consolidated subsidiaries.

2. Management's Plans

We have incurred losses each year since 2005 and had an accumulated deficit of $1,335,961 as of September 30, 2009. For the nine months ended September 30, 2009 and the year ended December 31, 2008, we sustained net losses available to common stockholders of $181,628 and $895,187 (as adjusted for the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 470-20, formerly FSP APB 14-1, see Note 7), respectively. Our financial position and liquidity have been and may continue to be materially adversely affected by low aluminum prices as compared to our cost of production.

At recent aluminum prices of approximately $1,800 per metric ton, our U.S. operations are roughly break-even on a cash basis. On a consolidated basis, including our Nordural facility at Grundartangi, Iceland ("Grundartangi") operations, corporate overhead, interest and capital expenditures, we would expect to be cash flow break even at aluminum prices in the $1,800 to $1,900 per metric ton range during the fourth quarter of 2009. We estimate that an increase or decrease of $100 per metric ton in the price of primary aluminum would result in a corresponding increase or decrease in our cash from operations of approximately $40,000 annually. Thus, if primary aluminum prices decrease, we may either need to identify new sources of liquidity, implement additional cost reductions or further curtail operations to fund ongoing operations and investments.

Our principal sources of liquidity are available cash, cash flow from operations and available borrowings under our revolving credit facility. We will continue to explore alternative or supplementary financing arrangements to the revolving credit facility. Our principal uses of cash are operating costs, curtailment and idling costs, payments of principal and interest on our outstanding debt, the funding of capital expenditures and investments in related businesses, working capital and other general corporate requirements.

3. Correction of an error in previously issued financial statements

As disclosed in our current report on Form 8-K filed on March 2, 2009, we determined that our previously issued financial statements for the nine months ended September 30, 2008 included in our periodic report on Form 10-Q for that period should no longer be relied upon as a result of an error in the interim consolidated statement of cash flows. We determined that preferred stock issued in July 2008 was not presented on the consolidated statements of

cash flows in accordance with ASC 230 “Statement of Cash Flows” (formerly, Statement of Financial Accounting Standards (“SFAS”) No. 95).

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CENTURY ALUMINUM COMPANY
Notes to the Consolidated Financial Statements - continued
(UNAUDITED)

We initially reported cash flows associated with the termination of primary aluminum forward financial sales contracts by issuing $929,480 of Series A Convertible Preferred Stock on a net basis as an operating activity. We have concluded the transaction should have been presented on a gross presentation basis as both an operating activity and a financing activity to reflect the cash receipts and disbursements associated the transaction.

The restatement had the following impact on our consolidated statement of cash flows for the nine month ended September 30, 2008:

	As Previously Reported	As Restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Due to affiliates	$ (215,522)	$ (1,145,002)
Net cash provided by (used in) operating activities	230,759	(698,721)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of preferred stock	—	929,480
Net cash provided by (used in) financing activities	$ (35,895)	$ 893,585

4. Long-term power contract for Hawesville

To secure a new, long-term power contract for our primary aluminum smelter in Hawesville, Kentucky (“Hawesville”), on July 16, 2009, our wholly owned subsidiary, Century Aluminum of Kentucky (“CAKY”) along with E.ON U.S. (“E.ON”) and Big Rivers Energy Corporation (“Big Rivers”), agreed to an “unwind” of the former contractual arrangement between Big Rivers and E.ON and entered into a new arrangement (“Big Rivers Agreement”) to provide long-term cost-based power to CAKY.The term of the Big Rivers Agreement is through 2023 and provides adequate power for Hawesville’s full production capacity requirements (approximately 482 MW) with pricing based on the provider’s cost of production. The Big Rivers Agreement is take-or-pay for Hawesville’s energy requirements at full production. Under the terms of the agreement, any power not required by Hawesville would be available for sale and we would receive credits for actual power sales up to our cost for that power. The current market price of electrical power in this region is less than Big Rivers’ forecasted cost.

E.ON has agreed to mitigate a significant portion of this near-term risk, at a minimum, through December 2010. During this time, to the extent Hawesville does not use all the power under the take-or-pay contract, E.ON will, with some limitations, assume Hawesville's obligations. As part of this arrangement, E.ON will pay up to approximately $80,000 to CAKY in the form of direct payments to Big Rivers under the Big Rivers Agreement to compensate CAKY for the fair value of the previous contract and to compensate CAKY for power in excess of CAKY’s current demand. At Hawesville's current production rate, Hawesville would receive the entirety of these economic benefits over the term of the agreement. To the extent the aggregate payments made by E.ON exceed the approximately $80,000 commitment, Hawesville would repay this excess to E.ON over time, but only if the London Metal Exchange (“LME”) aluminum price were to exceed certain thresholds.

As the previous power contract was designated as a normal contract under ASC 815 (formerly SFAS No. 133, “Accounting for Derivatives), in the third quarter of 2009 when it became no longer probable that we would continue to take physical delivery of the power under the previous contract, we recorded an $80,723 contractual receivable from E.ON representing the net present value of the consideration provided to CAKY from E.ON to net settle the previous contract, wrote off a $23,759 intangible asset associated with the former power contract and recorded a $56,964 net gain on this transaction on our consolidated statements of operations in other operating income – net.

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CENTURY ALUMINUM COMPANY
Notes to the Consolidated Financial Statements - continued
(UNAUDITED)

The new power contract has been designated as a normal purchase contract under ASC 815. Unlike the previous power contract that was a fixed price contract where the purchase price of power was below market prices without an explicit net settlement provision, the Big Rivers Agreement is a cost-based contract that is not expected to have any significant value and is with a regulated power generator. While the Big Rivers Agreement is a take-or-pay contract where we may net settle any unused power with Big Rivers, we would only receive credits up to our cost for such power sales and would not profit on any sales made above our cost for such power under the current election made under the Big Rivers Agreement.

5. Convertible debt for equity exchange transactions

We have agreed to issue an aggregate of approximately 11.4 million shares of our common stock in exchange for approximately $127,933 aggregate principal amount of our 1.75% Convertible Senior Notes due 2024 ("1.75% Notes"). After concluding these debt-for-equity exchanges, we will have approximately $47,067 aggregate principal amount of 1.75% Notes outstanding. Holders of the 1.75% Notes may require us to purchase for cash all or part of the 1.75% Notes then outstanding at par on August 1, 2011. In addition, investors party to these agreements have agreed to consent to certain amendments or modifications to the indenture governing the 1.75% Notes. As a result, we have secured consents constituting the requisite consents necessary to amend the 1.75% Notes indenture.

In September 2009, two of the exchange transactions were settled. We issued 1,229,824 shares of common stock in exchange for $14,858 principal value of our 1.75% Notes. Additional exchange transactions for $113,075 principal value in exchange for 10,135,870 shares of our common stock are expected to price and settle in October and November 2009. See Note 25 Subsequent Events for additional information.

6. Gramercy and St. Ann Bauxite transfer

On September 1, 2009, we completed the sale of our 50% ownership positions in Gramercy Alumina LLC ("Gramercy") and St. Ann Bauxite Limited ("St. Ann") to Noranda Aluminum Holding Corporation (together with its consolidated subsidiaries, "Noranda"). At closing, we divested our entire interest in these businesses and Noranda assumed 100% ownership of Gramercy and St. Ann. In connection with this transaction, we made a $5,000 cash payment during the third quarter of 2009 and expect to make an additional $5,000 payment in the fourth quarter of 2009.

Hawesville currently receives all of its alumina supply from Gramercy. As part of the transaction, the former alumina supply agreement with Gramercy was terminated and we entered into a new alumina supply agreement. The new alumina supply agreement term is through December 2010. Pricing under the new contract will be fixed for the first 125,000 metric tons ("MT") and LME-based for the remaining 65,500 MT (subject to certain conditions for floor pricing).

Impact on our financial position, results of operations and cash flows

As a result of entering into an agreement to transfer our joint venture investments, we undertook an evaluation to determine the impact, if any, on the carrying amount of the equity investments in the joint venture assets as of June

30, 2009. We concluded that the terms of the asset transfer agreement provided indications of an impairment of the equity investments in the joint ventures. We performed an impairment analysis to determine the appropriate carrying amount of these assets as of June 30, 2009. Based on the impairment analysis, we recorded a $73,234 impairment loss in the second quarter of 2009.

CENTURY ALUMINUM COMPANY
Notes to the Consolidated Financial Statements - continued
(UNAUDITED)

The $73,234 loss consisted of the following amounts:

	Impairment loss
Equity investments in Gramercy and St. Ann, equity in the earnings of Gramercy and St. Ann and intercompany profit elimination	$ (74,783)
Pension and OPEB obligations for Gramercy and St. Ann	1,549
Total	$ (73,234)

The impairment loss was recorded on the consolidated statements of operations in equity in earnings (losses) of joint ventures. On the consolidated balance sheets, the impairment to reduce the equity investments was recorded in other assets where our equity investments were recorded. The pension and OPEB obligations of the equity investments were recorded in accumulated other comprehensive loss.Amounts due to Gramercy under our previous alumina contract were recorded under due to affiliates through September 1, 2009; amounts due under the new alumina contract are now recorded in accounts payable.

This transaction does not affect our obligation, per our agreement reached in April 2009, to pay St. Ann $6,000 in compensation for the reduced bauxite sales associated with agreements to reduce the amount of bauxite St. Ann will supply Glencore International AG (together with its subsidiaries, “Glencore”) in 2009. Payments are due to be made in monthly installments through December 2009. Through September 30, 2009, we have made payments totaling $3,750. The $6,000 in compensation to St. Ann was due to the curtailment of the West Virginia smelter (“Ravenswood”) and one potline at Hawesville which created an oversupply of alumina company wide. Therefore, the $6,000 was recorded in other operating income – net in our consolidated statements of operations in the second quarter of 2009. See Note 17 Contingencies and Commitments for additional information about these payments to St. Ann.

7. ASC 470-20 (FSP APB 14-1) Adoption

ASC 470-20 (formerly FSP APB 14-1 “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)”) (”ASC 470-20”) fundamentally changes the accounting for certain convertible debt instruments. Issuers of convertible debt instruments affected by ASC 470-20 must separately account for the liability and equity components of the convertible debt instruments in a manner that reflects the entity’s hypothetical nonconvertible borrowing rate. ASC 470-20 requires the retrospective application of these changes to our financial statements back to the date of issuance of our 1.75% Notes with a cumulative effect adjustment recognized as of the beginning of the first period presented. January 1, 2009 was our effective date for applying ASC 470-20.

ASC 470-20 applies to our 1.75% Notes. The holders of our 1.75% Notes may convert at any time at an initial conversion rate of 32.743 shares of common stock per $1,000 principal amount of notes, equivalent to a conversion price of $30.5409 per share of common stock. Upon conversion, we would deliver cash up to the principal amount of the 1.75% Notes to be converted and, at our election, cash, common stock or a combination thereof for any conversion obligation in excess of the principal amount of the 1.75% Notes to be converted. We did not enter into any derivative

transactions in connection with the issuance of the 1.75% Notes. Currently, the if-converted value of the 1.75% Notes is significantly less than the principal balance of the 1.75% Notes.

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CENTURY ALUMINUM COMPANY
Notes to the Consolidated Financial Statements - continued
(UNAUDITED)

We applied the guidance in ASC 470-20 to measure the fair value of the liability component of the 1.75% Notes using a discounted cash flow model. We assessed the expected life of the liability component to be seven years through August 1, 2011 (based on the noteholder's put option August 1, 2011) and applied a hypothetical nonconvertible borrowing rate (7.25%) which was based on yields of similarly rated nonconvertible instruments issued in August 2004. We determined the carrying amount of the equity component by deducting the fair value of the liability component from the principal amount of the 1.75% Notes. The tax effect of the temporary basis difference associated with the liability component of the 1.75% Notes is recorded as an adjustment to additional paid in capital as proscribed by ASC 470-20.

In 2004, we capitalized approximately $6,000 of transaction costs related to the issuance of the 1.75% Notes. We amortize these capitalized financing fees to interest expense over the expected life of the 1.75% Notes. ASC 470-20 requires the allocation of these capitalized financing fees to the liability and equity components and accounting for the allocated fees as either debt issuance costs or equity issuance costs.

The adoption of ASC 470-20 resulted in the following amounts recognized in our financial statements:

	September 30, 2009	December 31, 2008
Principal of the liability component of 1.75% Notes (1)	$160,142	$175,000
Unamortized debt discount	(14,850)	(22,300)
Net carrying amount of liability component of 1.75% Notes	$145,292	$152,700
Net carrying amount of equity component of 1.75% Notes (net of $18,261 taxes and $1,799 issuance costs)	$32,114	$32,114

(1) In the third quarter of 2009, we exchanged $14,858 principal value of our 1.75% Notes for common stock. See Note 5 Convertible debt for equity exchange transactions for additional information.

Interest expense related to the 1.75% convertible senior notes due 2024:

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Contractual interest coupon	$764	$766	$2,295	$2,297
Amortization of the debt discount on the liability component	2,062	1,920	6,067	5,649
Total	$2,826	$2,686	$8,362	$7,946
	6.46 %	6.14 %	6.37 %	6.05 %

Effective interest rate for the liability component
for the period

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CENTURY ALUMINUM COMPANY
Notes to the Consolidated Financial Statements - continued
(UNAUDITED)

The estimated amortization expense for the debt discount for the 1.75% Notes through the remaining expected life (August 2011) is as follows:

	Three months ending December 31, 2009	2010	2011
Estimated debt discount amortization expense (1)	$903	$2,243	$1,584

(1) The estimated debt discount amortization expense has been adjusted for a subsequent event. We have agreements in place to exchange an additional $113,075 principal value of our 1.75% Notes for common stock in the fourth quarter of 2009. Upon closing, approximately $10,120 of the debt discount will be derecognized as part of these transactions; the remaining debt discount will be amortized over the expected life of the 1.75% Notes. See Note 25 Subsequent Events for additional information about these exchange transactions.

The adoption of ASC 470-20 requires the retrospective application to all periods presented as of the beginning of the first period presented. As of January 1, 2009, ASC 470-20 was adopted and comparative financial statements of prior years have been adjusted to apply ASC 470-20 retrospectively. The line items for the 2008 financial statements affected by the change in accounting principle are indicated below.

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2008		
	As Reported	Effect of change	As Adjusted
ASSETS			
Total current assets	$514,134	$—	$514,134
Property, plant and equipment — net	1,340,037	—	1,340,037
Intangible asset — net	32,527	—	32,527
Due from affiliates – less current portion	7,599	—	7,599
Other assets	141,802	(741)	141,061
TOTAL	$2,036,099	$(741)	$2,035,358
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Accounts payable, trade	$102,143	$—	$102,143
Due to affiliates	70,957	—	70,957
Accrued and other current liabilities	58,777	—	58,777
Accrued employee benefits costs — current portion	12,070	—	12,070
Convertible senior notes	175,000	(22,300)	152,700
Industrial revenue bonds	7,815	—	7,815

Total current liabilities	426,762	(22,300)	404,462
Total noncurrent liabilities	649,816	—	649,816
SHAREHOLDERS' EQUITY:			
Preferred stock	2	—	2
Common stock	491	—	491
Additional paid-in capital	2,240,014	32,114	2,272,128
Accumulated other comprehensive loss	(137,208)	—	(137,208)
Accumulated deficit	(1,143,778)	(10,555)	(1,154,333)
Total shareholders' equity	959,521	21,559	981,080
TOTAL	$2,036,099	$(741)	$2,035,358

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CENTURY ALUMINUM COMPANY
Notes to the Consolidated Financial Statements - continued
(UNAUDITED)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended September 30, 2008		
	As Reported	Effect of change	As Adjusted
Net Sales	$552,239	$—	$552,239
Cost of goods sold	430,256	—	430,256
Gross profit	121,983	—	121,983
Selling, general and administrative expenses	11,253	—	11,253
Operating income	110,730	—	110,730
Interest expense – third party	(6,036)	(1,856)	(7,892)
Interest expense – related party	(1,144)	—	(1,144)
Interest income – related parties	146	—	146
Interest income – third party	1,602	—	1,602
Net loss on forward contracts	(79,103)	—	(79,103)
Other expense- net	(1,370)	—	(1,370)
Income before income taxes and equity in earnings of joint ventures	24,825	(1,856)	22,969
Income tax benefit	9,641	672	10,313
Income before equity in earnings of joint ventures	34,466	(1,184)	33,282
Equity in earnings of joint ventures	2,507	—	2,507
Net income	$36,973	$(1,184)	$35,789
EARNINGS PER COMMON SHARE:			
Basic	$0.59	$(0.01)	$0.58
Diluted	$0.57	$(0.02)	$0.55
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):			
Basic	47,720		47,720
Diluted	49,975		49,975
Net income (loss) allocated to common shareholders	$28,369	$(908)	$27,461

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Nine months ended September 30, 2008		
	As Reported	Effect of change	As Adjusted
Net Sales	$1,568,578	$—	$1,568,578
Cost of goods sold	1,194,376	—	1,194,376
Gross profit	374,202	—	374,202
Selling, general and administrative expenses	43,970	—	43,970

Operating income	330,232	—	330,232
Interest expense – third party	(18,460)	(5,455)	(23,915)
Interest expense – related party	(1,144)	—	(1,144)
Interest income – related parties	146	—	146
Interest income – third party	6,417	—	6,417
Net loss on forward contracts	(731,195)	—	(731,195)
Other expense - net	(1,597)	—	(1,597)
Loss before income taxes and equity in earnings of joint ventures	(415,601)	(5,455)	(421,056)
Income tax benefit	204,971	1,978	206,949
Loss before equity in earnings of joint ventures	(210,630)	(3,477)	(214,107)
Equity in earnings of joint ventures	12,466	—	12,466
Net loss	$(198,164)	$(3,477)	$(201,641)
LOSS PER COMMON SHARE:			
Basic and Diluted	$(4.57)	$(0.09)	$(4.66)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (in thousands):			
Basic and Diluted	43,317		43,317
Net loss allocated to common shareholders	$(198,164)	$(3,477)	$(201,641)

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CENTURY ALUMINUM COMPANY
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2008		
	As Restated (See Note 3)	Effect of change	As Adjusted
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(198,164)	$(3,477)	$(201,641)
Adjustments to reconcile net loss to net cash used in operating activities:			
Unrealized net loss on forward contracts	605,105	—	605,105
Depreciation and amortization	62,912	—	62,912
Deferred income taxes	(198,352)	(1,978)	(200,330)
Pension and other post retirement benefits	11,677	—	11,677
Stock-based compensation	12,034	—	12,034
Undistributed earnings of joint ventures	(12,466)	—	(12,466)
Changes in operating assets and liabilities:		—	
Accounts receivable – net	(22,403)	—	(22,403)
Purchase of short-term trading securities	(97,532)	—	(97,532)
Sale of short-term trading securities	348,416	—	348,416
Due from affiliates	(9,771)	—	(9,771)
Inventories	(36,119)	—	(36,119)
Prepaid and other current assets	(389)	—	(389)
Accounts payable, trade	15,266	—	15,266
Due to affiliates	(1,145,002)	—	(1,145,002)
Accrued and other current liabilities	(28,523)	—	(28,523)
Other – net	(5,410)	5,455	45
Net cash used in operating activities	(698,721)	—	(698,721)
Net cash used in investing activities	(126,771)	—	(126,771)
Net cash provided by financing activities	893,585	—	893,585
NET CHANGE IN CASH	68,093	—	68,093
Cash, beginning of the period	60,962	—	60,962
Cash, end of the period	$129,055	$—	$129,055

As the result of the accounting change, our accumulated deficit as of January 1, 2008, increased $13,684 from $245,462 to $259,146.

8. Curtailment of Operations – Ravenswood and Hawesville

On December 17, 2008, our subsidiary, Century Aluminum of West Virginia, Inc. (“CAWV”), issued a conditional Worker Adjustment and Retraining Notification Act (“WARN”) notice at its Ravenswood, West Virginia smelter related to a curtailment of plant operations in 60 days. This facility employed approximately 684 persons. Simultaneously

with the issuance of the WARN, CAWV began the immediate curtailment of one of its four potlines which was completed by December 20, 2008. In December 2008, we incurred curtailment costs of $1,667 for this partial curtailment at CAWV.

On February 4, 2009, we announced the curtailment of the remaining plant operations at Ravenswood. Layoffs for the majority of Ravenswood's employees were completed by February 20, 2009. The decision to curtail operations was due to the relatively high operating cost at Ravenswood and the depressed global price for primary aluminum.

CENTURY ALUMINUM COMPANY
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On March 3, 2009, CAKY announced the curtailment of one potline at its Hawesville, Kentucky aluminum smelter. Hawesville has production capacity of approximately 244,000 metric tons per year (“mtpy”) of primary aluminum from five potlines. The potline curtailment was completed in March 2009. The action reduced primary aluminum production by approximately 4,370 metric tons per month and impacted approximately 120 employees.

We incurred curtailment charges of $1,810 and $35,308 during the three and nine months ended September 30, 2009, respectively, which are reported in other operating income - net in the consolidated statements of operations. The majority of the curtailment charges related to Ravenswood. The components of the curtailment costs for the three and nine months ended September 30, 2009 are as follows:

	Three months ended September 30, 2009	Nine months ended September 30, 2009
Severance/employee-related cost (1)	$ (3,220)	$ 21,243
Alumina contract – spot sales net losses	36	753
Alumina contract amendment cost	—	6,000
Power/other contract termination costs	—	6,332
Ongoing site costs	4,994	13,332
Gross expense	1,810	47,660
Pension plan curtailment adjustment	—	2,478
OPEB plan curtailment adjustment	—	(14,830)
Net expense	$ 1,810	$ 35,308

(1) The extension of unemployment benefits in West Virginia resulted in lower severance and employee-related benefit costs.

Cash expenditure forecasts and cash payments to date

	Total gross cash expenditure forecast	Approximate cash payments through September 30, 2009
Curtailment of operations at Ravenswood and Kentucky (24 months)	$ 30,000	$ 16,822
Ongoing idling costs at Ravenswood (24 months)	$ 25,000	$ 8,592
Contract termination costs (1)	$ 15,000	$ 12,315

(1) This estimate is based on realized losses to date and $6,000 in payments to St. Ann Bauxite Ltd. in compensation for the reduced bauxite sales related to alumina and bauxite contract amendments (of which $3,750 has been paid as of September 30, 2009).

9. Equity Offering

February 2009 Offering

In February 2009, we completed a public offering of 24,500,000 shares of common stock at a price of $4.50 per share, raising $110,250 before offering costs. The offering costs were approximately $6,209, representing underwriting discounts and commissions and offering expenses.

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CENTURY ALUMINUM COMPANY
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Glencore purchased 13,242,250 shares of common stock in the February 2009 offering. As of September 30, 2009, we believe that Glencore beneficially owned, through its common stock, approximately 38.1% of our issued and outstanding common stock and, through its ownership of common and preferred stock, an overall 48.1% economic ownership of Century.

We intend to use the net proceeds from the sale of our common stock for general corporate purposes, including repayment of debt.

10. Fair Value Measurements and Derivative Instruments

ASC 820, "Fair Value Measurements and Disclosures," (formerly, SFAS No. 157) defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement applies to a broad range of other existing accounting pronouncements that require or permit fair value measurements. ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Under ASC 820, fair value is an exit price and that exit price should reflect all the assumptions that market participants would use in pricing the asset or liability.

Fair Value Measurements

The following table sets forth by level within the ASC 820 fair value hierarchy our financial assets and liabilities that were accounted for at fair value on a recurring basis. As required by general accounting principles 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.

Recurring Fair Value Measurements	As of September 30, 2009			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Primary aluminum put option contracts	$—	$8,475	$—	$8,475
Power contract - Ravenswood	—	—	84	84
TOTAL	$—	$8,475	$84	$8,559
LIABILITIES:				
Derivative liabilities	$(707)	$—	$(1,222)	$(1,929)

Recurring Fair Value Measurements	As of December 31, 2008			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Short-term investments	$—	$13,686	$—	$13,686
Power contract - Ravenswood	—	—	2,202	2,202

TOTAL	$—	$13,686	$2,202	$15,888
LIABILITIES:				
Derivative liabilities	$(10,130)	$—	$(1,759)	$(11,889)

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

	Derivative liabilities/assets	
	2009	2008
Beginning balance July 1,	$(2,093)	$(1,614,221)
Total gain (loss) (realized/unrealized) included in earnings	720	(241,026)
Settlements	235	1,852,929
Ending balance, September 30	$(1,138)	$(2,318)
Amount of total (gain) loss included in earnings attributable to the change in unrealized gain losses relating to assets and liabilities held at September 30,	$(2,615)	$240,781

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

	Derivative liabilities/assets	
	2009	2008
Beginning balance January 1,	$443	$(1,070,290)
Total loss (realized/unrealized) included in earnings	(4,385)	(892,984)
Settlements	2,804	1,960,956
Ending balance, September 30,	$(1,138)	$(2,318)
Amount of total (gain) loss included in earnings attributable to the change in unrealized gains/losses relating to assets and liabilities held at September 30,	$(4,385)	$777,298

The net loss on our derivative liabilities is recorded in our statement of operations under net loss on forward contracts. In 2009, our Level 3 derivative liabilities are included in our accrued and other liabilities and other liabilities line items of our consolidated balance sheet. In 2008, our Level 3 derivative liabilities are included in our due to affiliates, accrued and other liabilities, due to affiliates – less current portion and other liabilities line items of our consolidated balance sheets.

Short-term Investments. Our short-term investments held at December 31, 2008 consist of tax-exempt municipal bonds. The market value of these investments is based upon their quoted market price in markets that are not actively traded. At September 30, 2009, we did not hold any short-term investments.

Derivatives. Our derivative contracts have included natural gas forward financial purchase contracts, foreign currency forward contracts, primary aluminum forward physical delivery and financial sales contracts, the Ravenswood power contract and primary aluminum put option contracts. We measure the fair value of these contracts based on the quoted future market prices (if available) at the reporting date in their respective principal markets for all available periods. In some cases, we use discounted cash flows from these contracts using a risk-adjusted discount rate. Primary aluminum forward physical delivery contracts that are accounted for as derivatives are marked-to-market using the LME spot and forward market for primary aluminum and the U.S. Midwest Premium. Because there is no quoted futures market price for the U.S. Midwest premium component of the market

price for primary aluminum, it is necessary for management to estimate the U.S. Midwest premium based on the historical U.S. Midwest premium. Prior to the termination of the primary aluminum forward financial sales contracts in July 2008, the term of one of these contracts extended beyond the quoted LME futures market. We estimated the fair value of that contract by making certain assumptions about future market prices of primary aluminum beyond the quoted LME market prices. These future market assumptions were significant to the fair value measurements. The Ravenswood power contract derivative is valued based in part on the LME forward market. In September 2009, we entered into primary aluminum put option contracts that settle monthly from October 2009 through December 2010 based on LME prices. We determine the fair value of the put options using quoted market values from a third-party.

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Fluctuations in the market prices for our primary aluminum forward financial sales contracts had a significant impact on gains and losses from forward contracts included in our financial statements from period to period. Unrealized gains and losses for these primary aluminum forward financial sales contracts were included in net loss on forward contracts.

Upon the transfer of our joint venture investment in Gramercy in the third quarter of 2009, we discontinued cash flow hedge treatment for our natural gas forward financial purchase contracts in September 2009 because the originally forecasted natural gas transactions will not occur by the end of originally specified time periods. We account for these contracts as derivative instruments and marked the contracts to market. In accordance with ASC 815, the changes in the fair value of these contracts are recorded in the consolidated statements of operations in loss on forward contracts.

Fair Value of Derivative Assets and Liabilities

	Balance sheet location	September 30, 2009	December 31, 2008
ASSETS:			
Primary aluminum put option contracts	Prepaid and other assets	$8,475	$—
Power contract - Ravenswood	Prepaid and other assets	84	2,202
TOTAL ASSETS		$8,559	$2,202
LIABILITIES:			
Natural gas forward financial contracts	Accrued and other current liabilities	$(707)	$(10,130)
Aluminum sales premium contracts – current portion	Accrued and other current liabilities	(743)	(1,256)
Aluminum sales premium contracts – less current portion	Other liabilities	(479)	(503)
TOTAL LIABILITIES		$(1,929)	$(11,889)

Derivatives in Cash Flow Hedging Relationships:

	Three months ended September 30, 2009				
	Amount of loss recognized in OCI on derivative, net of tax (effective portion)	Loss reclassified from OCI to income on derivatives (effective portion)		Loss recognized in income on derivative (ineffective portion)	
	Amount	Location	Amount	Location	Amount
Natural gas forward financial contracts (1)	$ —	Cost of goods sold	$ (1,047)	Net loss on forward contracts	$ —

Foreign currency forward contracts (2)	$ (898)	Cost of goods sold	$ (1,488)	Net loss on forward contracts	$ —

	Nine months ended September 30, 2009				
	Amount of loss recognized in OCI on derivative, net of tax (effective portion)	Loss reclassified from OCI to income on derivatives (effective portion)		Loss recognized in income on derivative (ineffective portion)	
	Amount	Location	Amount	Location	Amount
Natural gas forward financial contracts (1)	$ —	Cost of goods sold	$ (14,449)	Net loss on forward contracts	$ —
Foreign currency forward contracts (2)	$ (898)	Cost of goods sold	$ (6,194)	Net loss on forward contracts	$ 1,701

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CENTURY ALUMINUM COMPANY
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(1) With the transfer of our joint venture investment in Gramercy in the third quarter of 2009, we discontinued accounting for these contracts as cash flow hedges.

(2) We had no foreign currency forward contracts or options outstanding at September 30, 2009 or December 31, 2008. We settled our foreign currency forward contract contracts in October 2008.

Natural gas forward financial contracts

To mitigate the volatility of the natural gas markets, we enter into fixed-price forward financial purchase contracts which settle in cash in the period corresponding to the intended usage of natural gas. These forward contracts were previously designated as cash flow hedges. Upon the transfer of our joint venture investment in Gramercy the originally forecasted transactions will not occur by the end of originally specified time periods, as such, we discontinued cash flow hedge treatment in September 2009 and account for these contracts as derivative instruments. These contracts have maturities through November 2009.

We had the following outstanding forward financial purchase contracts:

	(Million British Thermal Units ("MMBTU"))	
	September 30, 2009	December 31, 2008
Natural gas forward financial contracts	250,000	3,340,000

Foreign currency forward contracts

We are exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the euro, the Icelandic krona ("ISK") and the Chinese yuan. The labor costs, maintenance costs and other local services at Grundartangi are denominated in ISK and a portion of its anode costs are denominated in euros. As a result, an increase or decrease in the value of those currencies relative to the U.S. dollar would affect Grundartangi's operating margins. In addition, we expect to incur capital expenditures for the construction of a primary aluminum facility in Helguvik, Iceland (the "Helguvik project"), although we are currently evaluating the Helguvik project's cost, scope and schedule. A significant portion of the capital expenditures for the Helguvik project are forecasted to be denominated in currencies other than the U.S. dollar with a significant portion in ISK.

We manage our foreign currency exposure by entering into foreign currency forward contracts when management deems such transactions appropriate. We had foreign currency forward contracts to manage the currency risk associated with Grundartangi operating costs and the Helguvik project capital expenditures. These contracts were designated as cash flow hedges, qualified for hedge accounting under ASC 815 and had maturities through September 2009. As of September 30, 2009, we had no foreign currency forward contracts outstanding.

The realized gain or loss on our foreign currency forward contracts cash flow hedges for Grundartangi operating costs

was recognized in income as part of our cost of goods sold. The realized gain or loss for our cash flow hedges for the Helguvik project capital expenditures were accumulated in other comprehensive income and will be reclassified to earnings when the project is completed as part of the depreciation expense of the capital assets.

CENTURY ALUMINUM COMPANY
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In October 2008, following the appreciable devaluation of the ISK versus the U.S. dollar, we reached an agreement with our counterparties and settled the remaining forward contracts that extended through September 2009.

We recognized losses of approximately $1,701 in the nine months ended September 30, 2009, respectively, (none in the three months ended September 30, 2009 or in the three and nine months ended September 30, 2008) on the ineffective portions of the forward contracts for the forecasted Helguvik project capital expenditures. These losses are recorded in net loss on forward contracts in our consolidated statements of operations. The ineffective portion of these forward contracts represents forward contract positions in excess of the revised forecast schedule of Helguvik project capital expenditures.

The natural gas forward financial purchase 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. Due to the fact that we are currently in a liability position for all of our forward contracts, our counterparty risk is very minimal at this time. 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.

As of September 30, 2009, an accumulated other comprehensive loss of $4,294 is expected to be reclassified to earnings over the next 12-month period.

Power contracts

We are party to a power supply agreement at Ravenswood that contains LME-based pricing provisions that are an embedded derivative. The embedded derivative does not qualify for cash flow hedge treatment and is marked to market quarterly. Based on our expected power usage over the remaining term of the contract, gains and losses associated with the embedded derivative are recorded in net loss on forward contracts in the consolidated statements of operations. We have recorded a derivative asset of $84 and $2,202 for the embedded derivative at September 30, 2009 and December 31, 2008, respectively.

Primary aluminum put options

In September 2009, we entered into primary aluminum put option contracts that settle monthly from October 2009 through December 2010 based on LME prices. Our counterparties include Glencore, a related party, and a non-related third party. We paid a cash premium to enter into these contracts and recorded a short-term asset in prepaid and other current assets on the consolidated balance sheets. We determined the fair value of the put options using quoted market values from a third-party and account for the put options as derivative financial instruments with gains and losses in the fair value of the contracts recorded on the consolidated statements of operations in net losses on forward contracts.

Aluminum sales premium contracts

The Glencore Metal Agreement I is a physical delivery contract for 50,000 mtpy of primary aluminum through December 31, 2009 with variable, LME-based pricing. We account for the Glencore Metal Agreement I as a

derivative instrument under ASC 815 (formerly SFAS No.133). We have not designated the Glencore Metal Agreement I as “normal” because it replaced and was a substitute for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium. Gains and losses on the derivative are based on, (1) the difference between a contracted U.S. Midwest premium and the actual U.S. Midwest premium at settlement, and (2) the difference between a contracted U.S. Midwest premium and a forecast of the U.S. Midwest premium for future periods. Settlements are recorded in related party sales. Unrealized gains (losses) based on forecasted U.S. Midwest premiums are recorded in net loss on forward contracts on the consolidated statements of operations.

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The Glencore Metal Agreement II is a physical delivery contract for 20,400 mtpy of primary aluminum through December 31, 2013 with variable, LME-based pricing. Under the Glencore Metal Agreement II, pricing is 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 account for the Glencore Metal Agreement II as a derivative instrument under ASC 815. Gains and losses on the derivative are based on the difference between the contracted U.S. Midwest premium and actual and forecasted U.S. Midwest premiums. Settlements are recorded in related party sales. Unrealized gains (losses) based on forecasted U.S. Midwest premiums are recorded in net loss on forward 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, 2009 Amount	Nine months ended September 30, 2009 Amount
Power contracts	Net loss on forward contracts	$ (11)	$ (4,788)
Primary aluminum put options	Net loss on forward contracts	555	555
Natural gas forward contracts (1)	Net loss on forward contracts	(1,381)	(1,381)
Aluminum sales premium contracts	Related party sales	1,103	2,779
Aluminum sales premium contracts	Net loss on forward contracts	(77)	(469)

(1) We discontinued cash flow hedge treatment for our natural gas forward contracts after the transfer of our joint venture investments in Gramercy in the third quarter of 2009. Amount represents contract settlements after the transfer.

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

	September 30, 2009	December 31, 2008

Power contracts (in megawatt hours (“MWH”)) (1)	6,552	1,066,000
Primary aluminum sales contract premiums (metric tons) (2)	97,059	152,000
Primary aluminum put contracts (metric tons)	75,000	—
Natural gas forward financial contracts (MMBTU)(3)	250,000	—

(1) We mark the Ravenswood power contract to market based on our expected usage during the remaining term of the contract. In September 2009, the West Virginia PSC extended the term of this contract for an additional year.

(2) Represents the remaining physical deliveries under our Glencore Metal Agreements I and II.

(3) We discontinued cash flow hedge treatment for our natural gas forward contracts after the transfer of our joint venture investments in Gramercy in the third quarter of 2009.

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11. Earnings Per Share

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

	For the three months ended September 30,					
	2009			2008		
	Income	Shares (000)	Per-Share	Income	Shares (000)	Per-Share
Net income	$40,142	74,214		$35,789	47,720	
Amount allocated to common shareholders	82.88 %			76.73 %		
Basic EPS:						
Income allocable to common shareholders	$33,270	74,214	$0.45	$27,461	47,720	$0.58
Effect of Dilutive Securities:						
Plus:						
Options	—	5		—	59	
Service-based stock awards	—	502		—	76	
Assumed conversion of convertible debt	—	—		—	2,120	
Diluted EPS:						
Income applicable to common shareholders with assumed conversion	$33,270	74,721	$0.45	$27,461	49,975	$0.55

	For the nine months ended September 30,					
	2009			2008		
	Loss	Shares (000)	Per-Share	Loss	Shares (000)	Per-Share
Net loss	$(181,628)	71,023	$(2.56)	$(201,641)	43,317	$(4.66)
Amount allocated to common shareholders (1)	100 %			100 %		
Basic and Diluted EPS:						
Loss allocable to common shareholders	$(181,628)	71,023	$(2.56)	$(201,641)	43,317	$(4.66)

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

Impact of issuance of Series A Convertible Preferred Stock on EPS

In July 2008, we issued 160,000 shares of Series A Convertible Preferred Stock (convertible into 16,000,000 common shares) as a portion of the consideration for the termination of primary aluminum forward financial sales contracts with Glencore. The preferred stock has similar characteristics of a "participating security" as described by ASC 260-10-45-59A "Participating Securities and the Two-Class Method" (Formerly, SFAS No. 128, "Earnings Per Share" and EITF 03-6, "Participating Securities and the Two-Class Method under SFAS No. 128"). In accordance with the guidance in the ASC 260-10-45-59A, we calculated basic EPS using the Two-Class Method, allocating undistributed income to our preferred shareholder consistent with their participation rights, and diluted EPS using the If-Converted Method.

The general accounting principles for reporting EPS do not require the presentation of basic and diluted EPS for securities other than common stock and the EPS amounts, as presented, only pertain to our common stock.

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The Two-Class Method is an earnings allocation formula that determines earnings per share for common shares and participating securities according to dividends declared (or accumulated) and the participation rights in undistributed earnings. Our preferred stock is a non-cumulative perpetual participating convertible preferred stock with no set dividend preferences. The dividend rights of our preferred shareholder are equal to our common shareholders, as if it held the number of common shares into which its shares of preferred stock are convertible as of the record date. The liquidation rights of the preferred stock mirror their dividend rights, in that the preferred stock ranks in parity to the common stock in respect of liquidation preference and would be entitled to share ratably with common stock holders in the distribution of assets in a liquidation (as though the preferred stock holders held the number of shares of common stock into which their shares of preferred stock were convertible). The preferred stock has a liquidation preference of $0.01 per share.

The holders of our convertible preferred stock do not have a contractual obligation to share in the losses of Century. Thus, in periods where we report net losses, we will not allocate the net losses to the convertible preferred stock for the computation of basic or diluted EPS.

Impact of the Tax Benefit Preservation Plan on EPS

In September 2009, we entered into a Tax Benefit Preservation Plan whereby each common shareholder and preferred shareholder of record on October 9, 2009 received preferred share purchase rights (“Rights”). These Rights would only be exercisable upon the occurrence of certain triggering events. Each Right will allow its holder to purchase one one-hundredth of a share of Series B Junior Participating Preferred Stock, once the Rights become exercisable. This portion of a Series B Preferred Share will give the stockholder approximately the same dividend, voting, and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights. Upon the occurrence of a triggering event, our Board of Directors may extinguish the Rights by exchanging common stock for the Rights.

In accordance with general accounting principles for the calculation of EPS, the Rights are considered contingently issuable shares but will not be included in the calculation of EPS until the necessary conditions for exercise or exchange have been satisfied. Upon an issuance, the Series B Junior Participating Preferred stock would be participating securities and we would calculate EPS in accordance with the Two-Class Method described above. See Note 12 Shareholders’ Equity for additional information about the Tax Benefit Preservation Plan.

Calculation of EPS

Options to purchase 692,075 and 430,434 shares of common stock were outstanding as of September 30, 2009 and 2008, respectively. For the three months ended September 30, 2009, approximately 383,000 options were excluded from the calculation of diluted EPS because the exercise price of these options was greater than the average market price of the underlying common stock. For the nine months ended September 30, 2009, all options, service-based stock and shares to be issued upon the assumed conversion of our convertible debt were excluded from the calculation of diluted EPS because of their antidilutive effect on earnings per share. The average price for our common stock in the three and nine months ended September 30, 2009 was below the conversion price of our 1.75% Notes.

For the three months ended September 30, 2008, approximately 108,000 options were excluded from the calculation of diluted EPS because the exercise price of these options was greater than the average market price of the underlying common stock. For the nine months ended September 30, 2008, all options, service-based stock and shares to be issued upon the assumed conversion of our convertible debt were excluded from the calculation of diluted EPS because of their antidilutive effect on earnings per share. Based on the average price for our common stock in the three and nine months ended September 30, 2008, we would have been required to issue approximately 2,120,000 and 2,706,000 shares of common stock, respectively, upon an assumed conversion of our convertible debt.

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Service-based stock for which vesting is based upon continued service is not considered issued and outstanding shares of common stock until vested. However, the service-based stock is considered a common stock equivalent and, therefore, the weighted average service-based stock is included, using the treasury stock method, in common shares outstanding for diluted earnings per share computations if they have a dilutive effect on earnings per share. There were approximately 502,000 and 79,000 unvested shares of service-based stock outstanding at September 30, 2009 and 2008, respectively. Our goal-based performance share units are not considered common stock equivalents until it becomes probable that performance goals will be obtained.

For the calculation of basic and diluted EPS for the three and nine months ended September 30, 2009, using the Two-Class Method, we allocated $6,872 and $0, respectively, of our undistributed income (loss) to the convertible preferred stock. For the calculation of basic and diluted EPS for the three and nine months ended September 30, 2008, using the Two-Class Method, we allocated $8,328 and $0, respectively, of our undistributed income (loss) to the convertible preferred stock. See the reconciliation below:

	Three months ended September 30, 2009			Three months ended September 30, 2008		
	Common stock	Preferred stock (1)	Total	Common stock	Preferred stock (1)	Total
Weighted average shares outstanding	74,214	15,329	89,543	47,720	14,472	62,192
Undistributed earnings	$33,270	$6,872	$40,142	$27,461	$8,328	$35,789

(1) Represents the participation rights of our preferred shareholder as if it held the number of common shares into which its shares of preferred stock are convertible as of the record date.

12. Shareholders' Equity

Common Stock

In May 2009, our shareholders approved an amendment to our Restated Certificate of Incorporation, as amended, to increase the total number of authorized shares of our common stock, par value $0.01 per share, to 195,000,000.

Series A Convertible Preferred Stock Conversions

In July 2008, we issued 160,000 shares of our Series A Convertible Preferred Stock. All shares of Series A Convertible Preferred Stock are held by Glencore and were issued in connection with the termination of primary aluminum forward financial sales contracts with Glencore on July 7, 2008. 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 shares of Series A Convertible Preferred Stock into shares of common stock.

Series A Convertible Preferred Stock:	2009
Shares outstanding at December 31, 2008	155,787
Automatic conversions during the nine months ended September 30, 2009	(9,892)
Total shares outstanding at September 30, 2009	145,895

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Tax Benefit Preservation Plan

In September 2009, we adopted the Tax Benefit Preservation Plan (the "Plan") in an effort to protect against a possible limitation on our ability to use net operating losses, tax credits and other tax assets (the "Tax Attributes"), to reduce potential future U.S. federal income tax obligations. In the past, we have experienced substantial operating losses, and under the Internal Revenue Code of 1986, as amended (the "Code"), and rules promulgated by the Internal Revenue Service, we may carry forward these losses in certain circumstances to offset future earnings and thus reduce our federal income tax liability, subject to certain requirements and restrictions. To the extent that the Tax Attributes do not otherwise become limited, we believe that we might be able to use a significant amount of the Tax Attributes, and therefore these Tax Attributes could be a substantial asset to us.

As of December 31, 2008, we had Tax Attributes, including net operating losses, capital losses and tax credit carryforwards, of approximately $1,600,000, after adjusting for losses carried back to previous tax years, which could offset future taxable income. If, however, we experience an "ownership change," as defined in Section 382 of the Code, our ability to use the Tax Attributes will be substantially limited, and the timing of the usage of the Tax Attributes could be substantially delayed, which could significantly impair the value of the Tax Attributes. In general, an ownership change would occur if our "Five−percent shareholders," as defined under Section 382 of the Code, collectively increase their ownership in Century by more than 50 percentage points over a rolling three−year period. Five−percent shareholders do not include certain institutional holders, such as mutual fund companies, that hold our stock on behalf of several individual mutual funds where no single fund owns five percent or more of Century stock.

Under the Plan, from and after the record date of October 9, 2009, each share of our common stock will carry with it one preferred share purchase right (a "Right") and each share of Series A Preferred Stock will carry with it one hundred Rights, until the distribution date or earlier expiration of the Rights. Each Right will allow its holder to purchase one one-hundredth of a share of Series B Junior Participating Preferred Stock ("Series B Preferred Share") for $80.00, subject to adjustment (the "Exercise Price"), once the Rights become exercisable. This portion of a Series B Preferred Share will give the stockholder approximately the same dividend, voting, and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.

Exercisability. The Rights will not be exercisable until 10 days after the public announcement that a person or group has become an "Acquiring Person" by obtaining beneficial ownership, after September 29, 2009, of 4.9% or more of our outstanding common stock (or if already the beneficial owner of at least 4.9% of our outstanding common stock, by acquiring additional shares of our common stock representing one percent (1.0%) or more of the shares of common stock then outstanding), unless exempted by the Board.

We refer to the date when the Rights become exercisable as the "Distribution Date." Until that date or earlier expiration of the Rights, the common stock certificates will also evidence the Rights, and any transfer of shares of common stock will constitute a transfer of Rights. After that date, the Rights will separate from the common stock and be evidenced by book-entry credits or by Rights certificates that we will mail to all eligible holders of common stock. Any Rights held by an Acquiring Person are void and may not be exercised.

Consequences of a Person or Group Becoming an Acquiring Person. If a person or group becomes an Acquiring Person, all holders of Rights except the Acquiring Person may, for payment of the Exercise Price, purchase shares of our common stock with a market value of twice the Exercise Price, based on the market price of the common stock as of the acquisition that resulted in such person or group becoming an Acquiring Person.

Exchange. After a person or group becomes an Acquiring Person, our Board may extinguish the Rights by exchanging one share of common stock or an equivalent security for each Right, other than Rights held by the Acquiring Person.

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In general terms, the Rights will work to impose a significant penalty upon any person or group which acquires 4.9% or more of our outstanding common stock after September 29, 2009, without the approval of our Board. Stockholders who own 4.9% or more of the outstanding common stock as of the close of business on September 29, 2009, will not trigger the Rights so long as they do not (i) acquire additional shares of common stock representing one percent (1.0%) or more of the shares of common stock then outstanding or (ii) fall under 4.9% ownership of common stock and then reacquire shares that in the aggregate equal 4.9% or more of the common stock. The Board may, in its sole discretion, exempt any person or group for purposes of the Plan if it determines the acquisition by such person or group will not jeopardize tax benefits or is otherwise in our best interests. The Plan is not expected to interfere with any merger or other business combination approved by our Board.

Series B Preferred Share Provisions. Each one one-hundredth of a Series B Preferred Share, if issued:

- will not be redeemable.
- will entitle holders to dividends equal to the dividends, if any, paid on one share of common stock.
- will entitle holders upon liquidation either to receive $1 per share or an amount equal to the payment made on one share of common stock, whichever is greater.
- will have the same voting power as one share of common stock.
- will entitle holders to a per share payment equal to the payment made on one share of common stock, if shares of our common stock are exchanged via merger, consolidation, or a similar transaction.

The value of one one-hundredth interest in a Series B Preferred Share is expected to approximate the value of one share of common stock.

Expiration. The Rights will expire on the earliest of (i) August 1, 2011, (ii) the time at which the Rights are redeemed, (iii) the time at which the Rights are exchanged, (iv) the repeal of Section 382 or any successor statute, or any other change, if the Board determines that this Plan is no longer necessary for the preservation of tax benefits, (v) September 29, 2010 if approval of the Plan by a majority of our stockholders has not been obtained prior to such date, or (vi) a determination by the Board, prior to the time any person or group becomes an Acquiring Person, that the Plan and the Rights are no longer in the best interests of Century and its stockholders.

Redemption. Our Board may redeem the Rights for $0.001 per Right at any time before any person or group becomes an Acquiring Person. If our Board redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of Rights will be to receive the redemption price of $0.001 per Right. The redemption price will be adjusted if we have a stock split or stock dividends of our common stock.

Anti-Dilution Provisions. Our Board may adjust the Exercise Price, the number of Series B Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split, or a reclassification of the Series B Preferred Shares or common stock.

Amendments. The terms of the Plan may be amended by our Board without the consent of the holders of the Rights. After a person or group becomes an Acquiring Person and does not become an exempt person prior to the Distribution Date, our Board may not amend the agreement in a way that adversely affects holders of the Rights (other than an Acquiring Person or an Affiliate or Associate of an Acquiring Person).

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13. Income Taxes

As of September 30, 2009 and December 31, 2008, we had total unrecognized tax benefits (excluding interest) of $16,800 and $21,600, respectively. The total amount of unrecognized tax benefits (including interest and net of federal benefit) that, if recognized, would affect the effective tax rate as of September 30, 2009 and December 31, 2008, respectively, are $8,200 and $15,200.

We recognize interest and penalties accrued related to unrecognized tax benefits in tax expense. As of September 30, 2009, and December 31, 2008, we had approximately $2,800 and $3,400, respectively, of accrued interest related to unrecognized income tax benefits.

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

Our federal income tax returns from 2005 through 2008 are currently under examination. Material state and local income tax matters have been concluded for years through 2002. West Virginia completed an income tax examination for 2003 through 2005 with no changes. The majority of our other state returns beginning in 2003 are subject to examination. Our Icelandic tax returns are subject to examination and income tax matters have been concluded for years through 2001.

During the nine months ended September 30, 2009, we received a federal income tax refund of $79,724 related to a carryback of a portion of the December 31, 2008 taxable loss to tax years ended December 31, 2006 and December 31, 2007. Additionally, we received a $10,094 federal income tax refund related to overpayments of December 31, 2008 estimated tax payments. See Note 25 Subsequent Events for information about the impact of recently enacted tax legislation.

14. Inventories

Inventories consist of the following:

	September 30, 2009	December 31, 2008
Raw materials	$28,616	$19,664
Work-in-process	13,265	16,133
Finished goods	10,749	8,203
Operating and other supplies	77,993	94,111
Inventories	$130,623	$138,111

Inventories are stated at the lower of cost or market, using the first-in, first-out method (“FIFO”). Due to the curtailment of our Ravenswood operations in February 2009, approximately $18,326 of items that were classified as inventory at December 31, 2008 are not expected to be consumed within one year and have been reclassified to other assets.

At September 30, 2009 and December 31, 2008 the market value of our inventory was less than its FIFO value by $8,123 and $55,867, respectively.

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15. Goodwill and Intangible Asset

In December 2008, we tested our goodwill for impairment and recorded a $94,844 impairment loss. As of January 1, 2009, we have no goodwill.

The intangible asset consists of a power contract acquired in connection with our acquisition of Hawesville. In July 2009, we terminated the existing power contracts at Hawesville and entered into a new power agreement. See Note 4 Long-term Power Contract for Hawesville for additional information about this transaction. As a result of terminating Hawesville's previous power contract, we wrote off the remaining carrying amount of the intangible asset of $23,759 in July 2009 and recorded a loss on the consolidated statements of operations in other operating income - net. As of September 30, 2009, we have no intangible assets.

For the three months ended September 30, 2009 and 2008, amortization expense for the intangible asset totaled $695 and $3,769, respectively. For the nine months ended September 30, 2009 and 2008, amortization expense for the intangible asset totaled $8,769 and $11,307, respectively.

16. Debt

	September 30, 2009	December 31, 2008
Debt classified as current liabilities:		
1.75% convertible senior notes due 2024, interest payable semiannually, net of debt discount of $14,850 and $22,300, respectively (1)(2)(3)(4)(7)(9)	$ 145,292	$ 152,700
Hancock County industrial revenue bonds due 2028, interest payable quarterly (variable interest rates (not to exceed 12%))(1)	7,815	7,815
Debt classified as non-current liabilities:		
7.5% senior unsecured notes payable due 2014, interest payable semiannually (3)(5)(8)	250,000	250,000
Revolving credit facility (6)	—	25,000
Total debt	$ 403,107	$ 435,515

(1) The 1.75% Notes are classified as current because they are convertible at any time by the holder. The Hancock County industrial revenue bonds (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, 2009 was 0.70%.

(2)

The 1.75% Notes are convertible at any time by the holder at an initial conversion rate of 32.743 shares of Century common stock per one thousand dollars of principal amount of convertible senior notes, subject to adjustments for certain events. The initial conversion rate is equivalent to a conversion price of approximately $30.5409 per share of Century common stock. Upon conversion of a 1.75% Note, the holder of such convertible note shall receive cash up to the principal amount of the 1.75% Note and, at our election, either cash or Century common stock, or a combination thereof, for the 1.75% Notes conversion value in excess of such principal amount, if any. We may redeem some or all of the notes from August 6, 2009 at a price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any. Holders of the 1.75% Notes may require us to purchase for cash all or part of the notes on each of August 1, 2011, August 1, 2014 and August 1, 2019 at a price equal to 100% of the principal amount of the notes being purchased, plus accrued and unpaid interest, if any.

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(3) The obligations of Century pursuant to the notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of our existing domestic restricted subsidiaries. The indentures governing these obligations contain customary covenants, including limitations on our ability to incur additional indebtedness, pay dividends, sell assets or stock of certain subsidiaries and purchase or redeem capital stock.

(4) Amounts reflect the adoption and retrospective application of the generally accepted guidance for convertible debt instruments in ASC 470-20 (formerly, FSP APB 14-1) as of January 1, 2009. This pronouncement changes the accounting treatment for certain convertible debt instruments requiring the segregation of these instruments into a liability and equity component. These amounts represent the fair value of the liability component. See Note 7 Adoption of ASC 470-20 for additional information.

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

(6) Borrowings under the revolving line of credit are, at our option, at the LIBOR rate or bank base rate, plus or minus in each case an applicable margin. The revolving line of credit is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, affiliate transactions, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments.

(7) During the third quarter of 2009, in a series of transactions with holders of our 1.75% Notes, we agreed to exchange shares of our common stock for outstanding 1.75% Notes. In September 2009, two of these exchange transactions were settled. We issued 1,229,824 shares of common stock in exchange for $14,858 principal value of our 1.75% Notes. Additional exchange transactions are expected to settle in October and November 2009. See Note 25 Subsequent Events for additional information.

(8) In October 2009, in a private placement to the holders of our 7.5% senior unsecured notes, we commenced an exchange offer and solicitation of consent for certain amendments to the indenture governing the notes. See Note 25 Subsequent Events for additional information.

(9) In October 2009, we issued a Solicitation of Consent to the holders of our 1.75% Notes for certain proposed amendments to the indenture governing the notes. See Note 25 Subsequent Events for additional information.

We have a $100,000 senior secured revolving credit facility (“Credit Facility”) with a syndicate of banks that will mature September 19, 2010. Our obligations under the Credit Facility are unconditionally guaranteed by our domestic subsidiaries (other than Century Aluminum Holdings, Inc., Century Louisiana, Inc., and Nordural US LLC) and secured by a first priority security interest in all accounts receivable and inventory belonging to Century and our subsidiary borrowers. The availability of funds under the Credit Facility is subject to a $15,000 reserve and limited by

a specified borrowing base consisting of certain eligible accounts receivable and inventory. Borrowings under the Credit Facility are, at our option, at the LIBOR rate or bank base rate, plus or minus in each case an applicable margin. The Credit Facility is subject to customary covenants, including limitations on capital expenditures, additional indebtedness, affiliate transactions, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments. We could issue up to a maximum of $25,000 in letters of credit under the Credit Facility. As of September 30, 2009, we had letters of credit totaling $11,451 outstanding. Any outstanding letters of credit reduce our borrowing availability on a dollar-for-dollar basis.   We had no outstanding loans under the Credit Facility as of September 30, 2009. As of September 30, 2009, we had additional borrowing availability of $44,148 under the Credit Facility. We pay a commitment fee for the unused portion of the line.

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The curtailment of our Ravenswood facility in February 2009 and one potline at Hawesville in March 2009 resulted in lower eligible accounts receivable and inventory balances included in the borrowing base calculation and lowered the availability of funds under the Credit Facility. See Note 8 Curtailment of Operations – Ravenswood and Hawesville for additional information.

17. Contingencies and Commitments

Environmental Contingencies

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

Century Aluminum of West Virginia, Inc. continues to perform remedial measures at Ravenswood pursuant to an order issued by the Environmental Protection Agency ("EPA") in 1994 (the "3008(h) Order"). CAWV also conducted a RCRA facility investigation ("RFI") under the 3008(h) Order evaluating other areas at Ravenswood that may have contamination requiring remediation. The RFI has been approved by appropriate agencies. CAWV has completed interim remediation measures at two sites identified in the RFI, and we believe no further remediation will be required. A Corrective Measures Study, which will formally document the conclusion of these activities, is being completed with the EPA. EPA approval of the Corrective Measures Study is anticipated in the fourth quarter of 2009. We believe a significant portion of the contamination on the two sites identified in the RFI is attributable to the operations of third parties and is their financial responsibility.

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

We are a party to an EPA Administrative Order on Consent (the "Order") pursuant to which other past and present owners of an alumina refining facility at St. Croix, Virgin Islands have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. 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 and defense of the above matter to Vialco. We have likewise tendered indemnity to Lockheed. Management does not believe Vialco's liability under the Order or its indemnity to Lockheed will require material payments. Through September 30, 2009, we have expended approximately $800 on the

Hydrocarbon Recovery Plan. We expect the future potential payments under this indemnification to comply with the Order will be approximately $500, which may be offset in part by sales of recoverable hydrocarbons.

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In May 2005, we and Vialco were among several defendants listed in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources, in his capacity as Trustee for Natural Resources of the United States Virgin Islands. The complaint alleges damages to natural resources caused by alleged releases from the alumina refinery facility at St. Croix and the adjacent petroleum refinery. The primary cause of action is pursuant to the natural resource damage provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, but various ancillary Territorial law causes of action were included as well. We and Lockheed have each tendered indemnity and defense of the case to the other pursuant to the terms of the Lockheed-Vialco Asset Purchase Agreement. The complaint seeks unspecified monetary damages, costs and attorney fees. On July 15, 2009, we and Vialco and other defendants filed motions for summary judgment on the issue of the applicability of the statute of limitations. The parties are currently engaged in the discovery process.

In December 2006, Vialco and the two succeeding owners of the alumina facility were named as defendants in a lawsuit filed by the Commissioner of the Department of Planning and Natural Resources of the United States Virgin Islands. The complaint alleges the defendants failed to take certain actions specified in a Coastal Zone management permit issued to Vialco in October 1994, and alleges violations of territorial water pollution control laws during the various defendants' periods of ownership. The complaint seeks statutory and other unspecified monetary penalties for the alleged violations. Vialco filed its answer to the complaint asserting factual and affirmative defenses. The parties are currently engaged in the discovery process.

We intend to defend both Vialco lawsuits vigorously and to assert all applicable defenses. Pursuant to the terms of the asset purchase agreement between Vialco and the purchaser of the facility in 1995, the purchaser assumed responsibility for all costs and other liabilities associated with the bauxite waste disposal facilities, including pre-closure and post-closure liabilities. At this time, it not practicable to predict the ultimate outcome of these actions or to estimate a range of possible damage awards.

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 (formerly Pechiney Rolled Products, LLC) in July 1999. The complaint also seeks costs and attorney fees. At this time, it is not practicable to predict the ultimate outcome of these actions or to estimate a range of possible damage awards.

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 $943 and $848 at September 30, 2009 and December 31, 2008, 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.

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

material adverse effect on our financial condition, results of operations, or liquidity.

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Legal Contingencies

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

In March 2009, four purported stockholder class actions were filed against us in the United States District Court for the Northern District of California. The actions are entitled Petzschke v. Century Aluminum Co., et al., Abrams v. Century Aluminum Co., et al., McClellan v. Century Aluminum Co., et al., and Hilyard v. Century Aluminum Co., et al. These actions have been consolidated and a lead plaintiff has been confirmed. These cases allege that we improperly accounted for cash flows associated with the termination of certain forward financial sales contracts which accounting allegedly resulted in artificial inflation of our stock price and investor losses. These actions seek rescission of our February 2009 common stock offering, unspecified compensatory damages, including interest thereon, costs and expenses and counsel fees. Management intends to vigorously defend these actions, but at the date of this report, it is not possible to predict the ultimate outcome of these actions or to estimate a range of possible damage awards.

Power Commitments

To secure a new, long-term power contract for the Hawesville facility, on July 16, 2009, CAKY, along with E.ON and Big Rivers, agreed to an “unwind” of the former contractual arrangement between Big Rivers and E.ON and entered the Big Rivers Agreement to provide long-term cost-based power to CAKY. The term of the Big Rivers Agreement is through 2023 and provides adequate power for Hawesville’s full production capacity requirements (approximately 482 MW) with pricing based on the provider’s cost of production. The Big Rivers Agreement is take-or-pay for Hawesville’s energy requirements at full production. Under the terms of the agreement, any power not required by Hawesville would be available for sale and we would receive credits for actual power sales up to our cost for that power. The current market price of electrical power in this region is less than Big Rivers’ forecasted cost.

E.ON has agreed to mitigate a significant portion of this near-term risk, at a minimum, through December 2010. During this time, to the extent Hawesville does not use all the power under the take-or-pay contract, E.ON will, with some limitations, assume Hawesville's obligations. As part of this arrangement, E.ON will pay up to approximately $80,000 to CAKY in the form of direct payments to Big Rivers under the Big Rivers Agreement to compensate CAKY for the fair value of the previous contract and to compensate CAKY for power in excess of CAKY’s current demand. At Hawesville's current production rate, Hawesville would receive the entirety of these economic benefits over the term of the agreement. To the extent the aggregate payments made by E.ON exceed the approximately $80,000 commitment, Hawesville would repay this excess to E.ON over time, but only if the LME aluminum price were to exceed certain thresholds.

As the previous power contract was designated as a normal contract under ASC 815 (formerly SFAS No. 133, “Accounting for Derivatives), in the third quarter of 2009 when it became no longer probable that we would continue to take physical delivery of the power under the previous contract, we recorded an $80,723 contractual receivable from E.ON representing the net present value of the consideration provided to CAKY from E.ON to net settle the

previous contract, wrote off a $23,759 intangible asset associated with the former power contract and recorded a $56,964 net gain on this transaction on our consolidated statements of operations in other operating income – net as the power contract net settled was used in operations. See Note 4 Long-term power contract for Hawesville for additional information about these agreements.

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Appalachian Power Company ("APCo") supplies all of Ravenswood's power requirements under an agreement at prices set forth in published tariffs, which are subject to change. Under the special rate contract, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels. In March 2009, APCO filed a request for a rate increase to recover unrecovered fuel costs and to cover the increased cost of fuel and purchased power as well as capital improvements. In September 2009, the West Virginia Public Service Commission (the "PSC") agreed to extend the special rate contract terms of the existing agreement for one year and attributed approximately $16,000 of the unrecovered fuel costs to Ravenswood. This amount will be factored into the special rate provision which excuses or defers payments above set tariff rates depending on aluminum prices. We are reviewing options to further extend the term of the existing agreement that establishes the LME-based cap on the tariff rates.

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

Grundartangi purchases power from Landsvirkjun, HS Orka hf and Orkuveita Reykjavikur ("OR") under long-term contracts due to expire between 2019 and 2029. The power delivered to Grundartangi is priced at a rate based on the LME price for primary aluminum, is paid in U.S. dollars and is from hydroelectric and geothermal sources. All power commitments for power delivered to Grundartangi are provided on an 85% take or pay basis.

Nordural Helguvik ehf ("Helguvik") has signed electrical power supply agreements with HS Orka hf and OR, for the Helguvik project. Under the agreements, power will be supplied to the Helguvik project in four 90,000 mtpy stages, beginning with an initial phase of up to 160 megawatts ("MW"). Electricity delivery for this first phase is targeted to begin in early 2012. The agreements which are subject to the satisfaction of certain conditions provide for additional power, as available, to support a complete potline of 360,000 mtpy.

Labor Commitments

Approximately 79% of our U.S. based work force is represented by the United Steel, Paper and Forestry, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the "USWA"). We have agreed with our Ravenswood plant employees represented by the USWA to extend the current labor agreement through August 31, 2010 (that labor agreement was due to expire on May 31, 2009). For additional information about Ravenswood operations see Note 8 Curtailment of Operations – Ravenswood and Hawesville. Our Hawesville, Kentucky, plant employees represented by the USWA are under a collective bargaining agreement that will expire on March 31, 2010. The agreement covers the hourly workers at the Hawesville plant.

Approximately 84% of Grundartangi's work force is represented by five labor unions under an agreement that expires on December 31, 2009.

Other Commitments

Alumina Contract Amendments. On April 21, 2009, we agreed with Glencore to amend two alumina purchase agreements, dated April 14, 2008 and April 26, 2006, respectively (collectively, the “Amendments”). The Amendments reduce the amount of alumina Glencore will supply to Century from 330,000 metric tons to 110,368 metric tons in 2009 and from 290,000 metric tons to 229,632 metric tons in 2010, for an overall alumina supply reduction of 280,000 metric tons.

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In conjunction with these alumina supply reductions, St. Ann agreed to reduce the amount of bauxite it will supply Glencore in 2009 by 775,000 dry metric tons, 650,000 dry metric tons being cancelled and 125,000 dry metric tons being deferred to 2010. As part of this transaction, we have agreed to pay St. Ann $6,000 in compensation for the reduced bauxite sales. Payments will be made in monthly installments through December 2009.

Gramercy and St. Ann transfer. In August 2009, we reached agreement with Noranda to transfer our ownership positions in Gramercy and St. Ann. We made a $5,000 cash payment at closing and an additional $5,000 is due to be paid in the fourth quarter of 2009 to Noranda as part of the transaction.

The divesture of Gramercy and St. Ann in August 2009 does not affect our obligation to pay St. Ann $6,000 in compensation for the reduced bauxite sales associated with agreements to reduce the amount of bauxite St. Ann will supply Glencore in 2009.

18. Forward Delivery Contracts and Financial Instruments

As a producer of primary aluminum, we are exposed to fluctuating raw material and primary aluminum prices. 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
Alcan Metal Agreement (1)	Alcan	14 million pounds per month	May 1, 2009	Variable, based on U.S. Midwest market
Glencore Metal Agreement I (2)	Glencore	50,000 mtpy	Through December 31, 2009	Variable, LME-based
Glencore Metal Agreement II (3)	Glencore	20,400 mtpy	Through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement (4)	Southwire	240 million pounds per year (high	Through March 31,	Variable, based on

		conductivity molten aluminum)	2011	U.S. Midwest market
Southwire Metal Agreement	Southwire	60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010	Variable, based on U.S. Midwest market

(1) Alcan and CAWV agreed to terminate all remaining obligations under the Alcan Metal Agreement. CAWV agreed to pay Alcan $623 to settle the remaining delivery obligations.

(2) We account for the Glencore Metal Agreement I as a derivative instrument in accordance with general accounting principles for accounting for derivatives instruments and hedging activities. We have not designated the Glencore Metal Agreement I as "normal" because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(3) We account for the Glencore Metal Agreement II as a derivative instrument in accordance with general accounting principles for accounting for derivatives instruments and hedging activities. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

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

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Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement (1)	BHP Billiton	130,000 mtpy	Through December 31, 2013	LME-based
Glencore Toll Agreement (1)(2)	Glencore	90,000 mtpy	Through July 31, 2016	LME-based
Glencore Toll Agreement (1)	Glencore	40,000 mtpy	Through December 31, 2014	LME-based
Billiton Tolling Agreement	BHP Billiton	9,900 mtpy	Through December 31, 2009	LME-based

(1) Grundartangi's tolling revenues include a premium based on the European Union ("EU") import duty for primary aluminum. In May 2007, the EU members reduced the EU import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. This decrease in the EU import duty for primary aluminum negatively impacts Grundartangi's revenues and further decreases would also have a negative impact on Grundartangi's revenues, but it is not expected to have a material effect on our financial position and results of operations.

(2) Glencore assigned 50% of its tolling rights under this agreement to Hydro Aluminum through December 31, 2010.

Apart from the Glencore Metal Agreement I, Glencore Metal Agreement II and Southwire Metal Agreement, we had forward delivery contracts to sell 30,866 metric tons and 84,047 metric tons of primary aluminum at September 30, 2009 and December 31, 2008, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 304 metric tons and 330 metric tons of primary aluminum at September 30, 2009 and December 31, 2008, respectively, of which 319 metric tons were with Glencore at December 31, 2008 (none were with Glencore at September 30, 2009).

Financial Sales Agreements

Historically we have managed the price risk associated with the volatility in our unpriced forward delivery contracts by entering into primary aluminum forward financial sales contracts, which settle in cash in the period corresponding to the intended delivery dates of the forward delivery contracts. All of the outstanding primary aluminum forward financial sales contracts were settled in July 2008 in a termination transaction with Glencore. As of September 30, 2009 and December 31, 2008, we had no primary aluminum forward financial sales contracts outstanding.

In September 2009, we entered into primary aluminum put option contracts that settle monthly from October 2009 through December 2010 based on LME prices. Our counterparties include Glencore, a related party, and a non-related third party. We accounted for the put options as derivative financial instruments with gains and losses in the fair value of the contracts recorded on the consolidated statements of operations in net losses on forward contracts. The following table shows the primary aluminum put option contracts outstanding as of September 30, 2009.

Primary Aluminum Put Option Contracts as of September 30, 2009:

	(metric tons)		
	2009	2010	Total
Glencore	9,000	36,000	45,000
Other counterparties	6,000	24,000	30,000
	15,000	60,000	75,000

We had no forward financial contracts to purchase aluminum at September 30, 2009 or December 31, 2008.

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Forwards and Financial Purchase Agreements

We are party to various forward financial and physical delivery contracts that are accounted for as derivative instruments. See Note 10 Fair Value Measurements and Derivative Instruments for additional information about these instruments.

19. Supplemental Cash Flow Information

	Nine months ended September 30,	
	2009	2008
Cash paid for:		
Interest	$22,066	$23,029
Income tax (1)	445	16,620
Cash received for:		
Interest	1,761	6,791
Income tax refunds	91,041	—

(1) Includes an $11,247 tax payment to the IRS in the third quarter of 2008 for settlement of audit issues for the tax years 2000 through 2002. See Note 13 Income Taxes for more information.

Non-cash activities

In connection with the Big Rivers Agreement at Hawesville, we received commitments from E.ON to help mitigate a significant portion of the near-term risk associated with the new power contract through December 2010. See Note 4 Long-term power contract for Hawesville for additional information. In the third quarter of 2009, we recorded an $80,723 contractual receivable from E.ON. E.ON will pay these amounts to Big Rivers when Hawesville consumes power under the contract. Through September 30, 2009, E.ON had paid approximately $8,634 to Big Rivers for Hawesville's power consumption in the third quarter of 2009.

In the third quarter of 2009, we issued 1,229,824 shares of common stock in an exchange transaction with holders of our 1.75% Notes for $14,858 principal value of our 1.75% Notes. See Note 5 Convertible debt for equity exchange transaction for additional information.

Due to the curtailment of our Ravenswood operations in February 2009, we reclassified certain inventory items into other assets. As a result, there was an $18,326 non-cash change in the inventory and other asset account balances due to this reclassification.

In the first quarter of 2009, we issued 354,320 shares of common stock as part of our performance share program to satisfy a $694 performance share liability to certain key employees.

In July 2008, as part of the consideration for the termination of the of primary aluminum forward financial sales contracts with Glencore for the years 2006 through 2010 and 2008 through 2015, respectively, we agreed to a deferred settlement amount of $505,198 payable to Glencore.

In the first quarter of 2008, we issued 58,990 shares of common stock as part of our performance share program to satisfy a $3,702 performance share liability to certain key employees.

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20. Asset Retirement Obligations

Our asset retirement obligations ("ARO") consist primarily of costs associated with the disposal of spent pot liner used in the reduction cells of our domestic facilities. As a result of the temporary curtailment of our operations at our Ravenswood facility, we have suspended the disposal of spent potliner. During the curtailment, we will continue to accrete the existing ARO liabilities, but we will not incur any additional ARO liabilities at this location until we resume operations.

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

	Nine months ended September 30, 2009	Year ended December 31, 2008
Beginning balance, ARO liability	$ 14,337	$ 13,586
Additional ARO liability incurred	672	2,140
ARO liabilities settled	(837)	(2,464)
Accretion expense	837	1,075
Ending balance, ARO liability	$ 15,009	$ 14,337

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.

21. Comprehensive loss and Accumulated other comprehensive loss

Comprehensive loss:

	Nine months ended September 30, 2009	2008
Net loss	$ (181,628)	$ (201,641)
Other comprehensive income (loss):		
Net unrealized loss on financial instruments, net of $0 and $7,842 tax of, respectively	(5,701)	(28,032)
Net losses on cash flow hedges reclassified to income, net of tax of $0 and $(2,019), respectively (1)	15,830	4,278

Net loss on foreign currency cash flow hedges reclassified to income, net of tax of $(929) and $(71), respectively (2)	6,966	461
Defined benefit pension and other postemployment benefit plans:		
Net curtailment gain arising during the period, net of $0 tax	59,618	—
Amortization of net loss during the period, net of $(241) and $208 tax, respectively	811	(509)
Amortization of prior service cost during the period, net of $1,060 and $(632) tax, respectively	(3,576)	1,548
Change in equity investee other comprehensive income, net of $0 tax	1,549	—
Other comprehensive income (loss):	75,497	(22,254)
Comprehensive loss	$(106,131)	$(223,895)

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(1) The 2009 amount includes $1,381, net of $0 tax recorded as a loss on forward contracts upon the discontinuation of cash flow hedge accounting treatment. Upon the transfer of our joint venture investment in Gramercy in the third quarter of 2009, the originally forecasted natural gas transactions will not occur by the end of originally specified time periods and we discontinued cash flow hedge accounting treatment for these contracts.

(2) The 2009 amount includes $1,701, net of $0 tax, for ineffective portions of the forward contracts for the forecasted Helguvik project capital expenditures. These losses are recorded in net loss on forward contracts in our consolidated statements of operations. The ineffective portion of these forward contracts represents forward contract positions in excess of the revised forecast schedule of Helguvik project capital expenditures.

Components of Accumulated Other Comprehensive Loss:

	September 30, 2009	December 31, 2008
Unrealized loss on financial instruments, net of $632 and $784 tax benefit, respectively	$(898)	$(17,506)
Defined benefit plan liabilities, net of $26,201 and $26,534 tax benefit, respectively	(53,595)	(114,032)
Equity in investee other comprehensive income (1)	(7,218)	(5,670)
Accumulated Other Comprehensive Loss	$(61,711)	$(137,208)

(1) With the transfer of the Gramercy and St. Ann in the third quarter of 2009, the September 30, 2009 amount includes our equity in the other comprehensive income of Mt. Holly Aluminum Company. The December 31, 2008 amount includes our equity in the other comprehensive income of Gramercy, St. Ann and Mt. Holly Aluminum Company. The other comprehensive income of these equity investments consists primarily of pension and other postretirement benefit obligations.

22. Components of Net Periodic Benefit Cost

	Pension Benefits			
	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Service cost	$650	$1,201	$2,135	$3,256
Interest cost	1,629	1,621	4,852	4,724
Expected return on plan assets	(1,077)	(1,805)	(3,258)	(5,592)

Amortization of prior service cost	34	181	127	545
Amortization of net loss	486	142	1,620	400
Curtailment	—	—	2,576	—
Net periodic benefit cost	$1,722	$1,340	$8,052	$3,333

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	Other Postretirement Benefits			
	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Service cost	$645	$1,488	$2,887	$4,771
Interest cost	2,686	2,758	8,399	8,966
Expected return on plan assets	—	—	—	—
Amortization of prior service cost	(102)	(540)	(939)	(1,621)
Amortization of net loss	521	237	1,956	2,138
Curtailment	—	—	(14,975)	—
Net periodic benefit cost	$3,750	$3,943	$(2,672)	$14,254

23. Recently Issued Accounting Standards

ASC 855 (formerly SFAS No. 165). In May 2009, the FASB issued SFAS No. 165, “Subsequent Events,” which provides guidance on management’s assessment of subsequent events which was included in the FASB Codification as ASC 855. Historically, management has relied on guidance from generally accepted auditing standards on assessing and disclosing subsequent events. ASC 855 incorporates this guidance on subsequent events in the accounting literature and is directed specifically to management and their responsibilities for preparing an entity’s financial statements. This standard clarifies management’s responsibility to evaluate, as of each reporting period, events or transactions that occur after the balance sheet date through the date that the financial statements are issued or are available to be issued. Management must perform its assessments for both interim and annual financial reporting periods. ASC 855 is effective prospectively for Century beginning in the interim period ending June 30, 2009. We do not expect this pronouncement will have a significant impact on our financial position, results of operations or cash flows.

ASC 715-20 (formerly FSP FAS 132(R)-1). In December 2008, the FASB issued FSP 132(R)-1, “Employers’ Disclosures about Postretirement Benefit Plan Assets” (the “FSP”) which was included in the FASB Codification as ASC 715-20. The FSP amends general accounting principles for retirement benefits to provide guidance on an employer’s disclosures about plan assets of a defined benefit pension or other postretirement plan. This guidance is intended to ensure that an employer meets the objectives of the disclosures about plan assets in an employer’s defined benefit pension or other postretirement plan to provide users of financial statements with an understanding of the following: (1) how investment allocation decisions are made; (2) the major categories of plan assets; (3) the inputs and valuation techniques used to measure the fair value of plan assets; (4) the effect of fair value measurements using significant unobservable inputs on change in plan assets, and; (5) significant concentrations of risk within the plan assets. The FSP becomes effective for Century on December 31, 2009. The FSP requires enhanced disclosures, and we have determined that the adoption of the FSP will not have a significant impact on our financial position, results of operations or cash flows.

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ASC 105 (formerly SFAS No. 168). In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162." The FASB Accounting Standards Codification (the "Codification") became the source of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. This Statement is effective for Century for our financial statements issued for our interim period ended September 30, 2009.

Adoption of the Codification requires us to update references to the pre-Codification GAAP within the financial statements to the Codification nomenclature. Because the impact of the adoption on our financial statement is exclusively disclosure-related, we have determined that the adoption of the Codification will not have any impact on our financial position, results of operations or cash flows.

24. Condensed Consolidating Financial Information

Our 7.5% senior notes due 2014 and 1.75% convertible senior notes due 2024 are guaranteed by each of our material existing and future domestic subsidiaries, except for Nordural US LLC. Each subsidiary guarantor is 100% owned by Century. All guarantees are full and unconditional; and all guarantees are joint and several. These notes are not guaranteed by our foreign subsidiaries (such subsidiaries and Nordural US LLC, collectively the "Non-Guarantor Subsidiaries").

The following summarized condensed consolidating balance sheets as of September 30, 2009 and December 31, 2008, condensed consolidating statements of operations for the three and nine months ended September 30, 2009 and September 30, 2008 and the condensed consolidating statements of cash flows for the nine months ended September 30, 2009 and September 30, 2008 present separate results for Century, the guarantor subsidiaries, the non-guarantor subsidiaries, consolidating adjustments and total consolidated amounts.

This summarized condensed consolidating financial information may not necessarily be indicative of the results of operations or financial position of Century, the guarantor subsidiaries or the non-guarantor subsidiaries operated as independent entities.

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CONDENSED CONSOLIDATING BALANCE SHEET
As of September 30, 2009

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash	$—	$ 93,741	$102,596	$ —	$196,337
Restricted cash	8,369	—	—	—	8,369
Accounts receivable — net	28,348	16,313	—	—	44,661
Due from affiliates	539,868	3,510	2,469,389	(2,996,715)	16,052
Inventories	78,310	52,313	—	—	130,623
Prepaid and other assets	73,485	5,666	11,111	—	90,262
Total current assets	728,380	171,543	2,583,096	(2,996,715)	486,304
Investment in subsidiaries	33,544	—	(988,352)	954,808	—
Property, plant and equipment — net	404,366	901,508	2,025	(44)	1,307,855
Due from affiliates — less current portion	—	7,599	—	—	7,599
Other assets	31,143	28,897	16,872	—	76,912
Total	$1,197,433	$ 1,109,547	$1,613,641	$ (2,041,951)	$1,878,670
Liabilities and shareholders' equity:					
Accounts payable, trade	$44,225	$ 37,039	$1,148	$ —	$82,412
Due to affiliates	2,087,078	49,194	173,895	(2,283,650)	26,517
Accrued and other current liabilities	26,035	8,881	13,951	—	48,867
Accrued employee benefits costs — current portion	10,745	—	1,325	—	12,070
Convertible senior notes	—	—	145,292	—	145,292
Industrial revenue bonds	7,815	—	—	—	7,815
Total current liabilities	2,175,898	95,114	335,611	(2,283,650)	322,973
Senior unsecured notes payable	—	—	250,000	—	250,000
Accrued pension benefit costs — less current portion	25,632	—	18,990	—	44,622
Accrued postretirement benefit costs — less current portion	160,623	—	2,694	—	163,317
Other liabilities/intercompany loan	51,554	686,535	10,750	(713,109)	35,730
Deferred taxes — less current portion	—	66,432	—	—	66,432

Total noncurrent liabilities	237,809	752,967	282,434	(713,109)	560,101
Shareholders' equity:					
Preferred stock	—	—	2	—	2
Common stock	60	12	761	(72)	761
Additional paid-in capital	297,300	144,383	2,392,505	(441,683)	2,392,505
Accumulated other comprehensive income (loss)	(78,971)	(898)	(61,711)	79,869	(61,711)
Retained earnings (accumulated deficit)	(1,434,663)	117,969	(1,335,961)	1,316,694	(1,335,961)
Total shareholders' equity	(1,216,274)	261,466	995,596	954,808	995,596
Total	$ 1,197,433	$ 1,109,547	$ 1,613,641	$ (2,041,951)	$ 1,878,670

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CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2008

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Assets:					
Cash	$—	$ 71,545	$57,855	$ —	$129,400
Restricted cash	865	—	—	—	865
Short-term investments	—	—	13,686	—	13,686
Accounts receivable — net	46,506	14,353	—	—	60,859
Due from affiliates	649,440	4,878	2,442,509	(3,057,765)	39,062
Inventories	87,673	50,438	—	—	138,111
Prepaid and other assets	2,205	18,479	79,177	—	99,861
Deferred taxes — current portion	32,290	—	—	—	32,290
Total current assets	818,979	159,693	2,593,227	(3,057,765)	514,134
Investment in subsidiaries	40,356	—	(891,412)	851,056	—
Property, plant and equipment — net	427,532	911,083	1,422	—	1,340,037
Intangible asset — net	32,527	—	—	—	32,527
Due from affiliates — less current portion	—	7,599	—	—	7,599
Other assets	62,168	50,649	16,929	11,315	141,061
Total	$1,381,562	$ 1,129,024	$1,720,166	$ (2,195,394)	$2,035,358
Liabilities and shareholders' equity:					
Accounts payable, trade	$61,094	$ 40,913	$136	$ —	$102,143
Due to affiliates	2,157,671	50,860	251,456	(2,389,030)	70,957
Accrued and other current liabilities	27,991	8,836	21,950	—	58,777
Accrued employee benefits costs — current portion	10,744	—	1,326	—	12,070
Convertible senior notes	—	—	152,700	—	152,700
Industrial revenue bonds	7,815	—	—	—	7,815
Total current liabilities	2,265,315	100,609	427,568	(2,389,030)	404,462
Senior unsecured notes payable	—	—	250,000	—	250,000
Revolving credit facility	—	—	25,000	—	25,000
Accrued pension benefit costs — less current portion	29,772	—	20,236	—	50,008
Accrued postretirement benefit costs — less current portion	216,895	—	2,644	—	219,539
	29,434	647,812	13,638	(657,420)	33,464

Other liabilities/intercompany loan					
Deferred taxes — less current portion	5,767	66,038	—	—	71,805
Total noncurrent liabilities	281,868	713,850	311,518	(657,420)	649,816
Shareholders' equity:					
Preferred stock	—	—	2	—	2
Common stock	60	12	491	(72)	491
Additional paid-in capital	297,292	144,371	2,272,128	(441,663)	2,272,128
Accumulated other comprehensive income (loss)	(147,979)	(5,837)	(137,208)	153,816	(137,208)
Retained earnings (accumulated deficit)	(1,314,994)	176,019	(1,154,333)	1,138,975	(1,154,333)
Total shareholders' equity	(1,165,621)	314,565	981,080	851,056	981,080
Total	$ 1,381,562	$ 1,129,024	$ 1,720,166	$ (2,195,394)	$ 2,035,358

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CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the three months ended September 30, 2009

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 109,704	$ 60,223	$—	$ —	$ 169,927
Related parties	29,267	30,050	—	(545)	58,772
	138,971	90,273	—	(545)	228,699
Cost of goods sold	154,359	76,705	—	(13)	231,051
Gross profit (loss)	(15,388)	13,568	—	(532)	(2,352)
Other operating income - net	(55,599)	—	—	—	(55,599)
Selling, general and admin expenses	11,293	102	—	—	11,395
Operating income (loss)	28,918	13,466	—	(532)	41,852
Interest expense	(8,004)	—	—	—	(8,004)
Interest expense – affiliates	15,668	(15,668)	—	—	—
Interest income	92	67	—	—	159
Interest income – affiliates	—	145	—	—	145
Net loss on forward contracts	(914)	—	—	—	(914)
Other income (expense) – net	516	(759)	—	—	(243)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	36,276	(2,749)	—	(532)	32,995
Income tax benefit (expense)	9,757	(3,180)	—	—	6,577
Income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	46,033	(5,929)	—	(532)	39,572
Equity earnings (loss) of subsidiaries and joint ventures	(684)	567	40,142	(39,455)	570
Net income (loss)	$ 45,349	$ (5,362)	$40,142	$ (39,987)	$ 40,142

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the three months ended September 30, 2008

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 330,725	$ 96,046	$—	$ —	$ 426,771
Related parties	72,631	52,837	—	—	125,468
	403,356	148,883	—	—	552,239
Cost of goods sold	331,118	98,153	—	985	430,256

Gross profit	72,238	50,730	—	(985)	121,983
Selling, general and administrative expenses	10,975	278	—	—	11,253
Operating income	61,263	50,452	—	(985)	110,730
Interest expense – third party	(7,892)	—	—	—	(7,892)
Interest income (expense) – affiliates	13,263	(14,407)	—	—	(1,144)
Interest income	747	855	—	—	1,602
Interest income – affiliates	—	146	—	—	146
Net loss on forward contracts	(79,103)	—	—	—	(79,103)
Other expense – net	(204)	(1,166)	—	—	(1,370)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(11,926)	35,880	—	(985)	22,969
Income tax benefit (expense)	11,659	(1,691)	—	345	10,313
Income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(267)	34,189	—	(640)	33,282
Equity earnings (loss) of subsidiaries and joint ventures	6,593	344	35,789	(40,219)	2,507
Net income (loss)	$ 6,326	$ 34,533	$35,789	$ (40,859)	$ 35,789

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CENTURY ALUMINUM COMPANY
Notes to the Consolidated Financial Statements - continued
(UNAUDITED)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the nine months ended September 30, 2009

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 323,121	$ 157,317	$—	$ —	$ 480,438
Related parties	85,470	78,174	—	(1,643)	162,001
	408,591	235,491	—	(1,643)	642,439
Cost of goods sold	500,810	223,785	—	(2,216)	722,379
Gross profit (loss)	(92,219)	11,706	—	573	(79,940)
Other operating income - net	(22,101)	—	—	—	(22,101)
Selling, general and admin expenses	32,386	400	—	—	32,786
Operating income (loss)	(102,504)	11,306	—	573	(90,625)
Interest expense – third party	(24,023)	—	—	—	(24,023)
Interest expense – affiliates	45,592	(45,592)	—	—	—
Interest income	685	550	—	—	1,235
Interest income – affiliates	—	431	—	—	431
Net loss on forward contracts	(6,083)	(1,701)	—	—	(7,784)
Other income (expense) - net	786	(685)	—	—	101
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(85,547)	(35,691)	—	573	(120,665)
Income tax benefit (expense)	9,697	(1,597)	—	—	8,100
Income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(75,850)	(37,288)	—	573	(112,565)
Equity earnings (loss) of subsidiaries and joint ventures	(43,815)	(20,763)	(181,628)	177,143	(69,063)
Net income (loss)	$ (119,665)	$ (58,051)	$(181,628)	$ 177,716	$ (181,628)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the nine months ended September 30, 2008

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Reclassifications and Eliminations	Consolidated
Net sales:					
Third-party customers	$ 924,727	$ 278,969	$—	$ —	$ 1,203,696
Related parties	219,694	145,188	—	—	364,882
	1,144,421	424,157	—	—	1,568,578

Cost of goods sold	908,853	284,982	—	541	1,194,376
Gross profit	235,568	139,175	—	(541)	374,202
Selling, general and administrative expenses	43,061	909	—	—	43,970
Operating income	192,507	138,266	—	(541)	330,232
Interest expense – third party	(23,915)	—	—	—	(23,915)
Interest income (expense) – affiliates	39,984	(41,128)	—	—	(1,144)
Interest income	4,895	1,522	—	—	6,417
Interest income – affiliates	—	146	—	—	146
Net loss on forward contracts	(731,195)	—	—	—	(731,195)
Other expense – net	(394)	(1,203)	—	—	(1,597)
Income (loss) before taxes and equity in earnings (loss) of subsidiaries and joint ventures	(518,118)	97,603	—	(541)	(421,056)
Income tax benefit (expense)	212,689	(5,943)	—	203	206,949
Income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	(305,429)	91,660	—	(338)	(214,107)
Equity in earnings (loss) of subsidiaries and joint ventures	20,483	4,295	(201,641)	189,329	12,466
Net income (loss)	$ (284,946)	$ 95,955	$ (201,641)	$ 188,991	$ (201,641)

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CENTURY ALUMINUM COMPANY
Notes to the Consolidated Financial Statements - continued
(UNAUDITED)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the nine months ended September 30, 2009

	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	The Company	Consolidated
Net cash provided by (used in) operating activities	$ 56,193	$ (27,482)	$—	$ 28,711
Investing activities:				
Purchase of property, plant and equipment	(10,157)	(3,450)	(1,060)	(14,667)
Nordural expansion	—	(17,606)	—	(17,606)
Investments in and advances to joint ventures	—	—	(1,038)	(1,038)
Restricted and other cash deposits	(7,504)	—	—	(7,504)
Net cash used in investing activities	(17,661)	(21,056)	(2,098)	(40,815)
Financing activities:				
Repayment under revolving credit facility	—	—	(25,000)	(25,000)
Intercompany transactions	(38,532)	70,734	(32,202)	—
Issuance of common stock – net	—	—	104,041	104,041
Net cash provided by (used in) financing activities				