

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

**FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
Commission File Number 001-34474

**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.)

**One South Wacker Drive**  
**Suite 1000**  
**Chicago, Illinois**  
(Address of registrant's principal offices)

**60606**  
(Zip Code)

**Registrant's telephone number, including area code: (312) 696-3101**  
**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class:	Name of each exchange on which registered:
<b>Common Stock, \$0.01 par value per share</b>	<b>NASDAQ Stock Market LLC</b> <b>(NASDAQ Global Select Market)</b>

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

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

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

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

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

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

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

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

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

Based upon the closing price of the registrant's common stock on the NASDAQ Global Select Market on June 30, 2017, the approximate aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$771,000,000. As of February 23, 2018, 87,562,526 shares of common stock of the registrant were issued and outstanding.

**Documents Incorporated by Reference:**

All or a portion of Items 10 through 14 in Part III of this Form 10-K are incorporated by reference to the Registrant's definitive proxy statement on Schedule 14A for its 2018 Annual Meeting of Stockholders, which will be filed within 120 days after the close of the fiscal year covered by this report on Form 10-K, or if the Registrant's Schedule 14A is not filed within such period, will be included in an amendment to this Report on Form 10-K which will be filed within such 120 day period.

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## Forward-Looking Statements

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

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

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

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Important factors that could cause actual results and events to differ from those described in such forward-looking statements can be found in the risk factors and forward-looking statements cautionary language contained in [Item 1A. Risk Factors](#) in this Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and in other filings made with the SEC. Although we have attempted to identify those material factors that could cause actual results or events to differ from those described in such forward-looking statements, there may be other factors that could cause actual results or events to differ from those anticipated, estimated or intended. Many of these factors are beyond our ability to control or predict. Given these uncertainties, the reader is cautioned not to place undue reliance on our forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

## **PART I**

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

### **Item 1. Business**

#### **Overview**

Century Aluminum Company is a global producer of primary aluminum and operates aluminum reduction facilities, or "smelters," in the United States and Iceland. Our primary aluminum facilities produce standard-grade and value-added primary aluminum products. Our current annual primary production capacity is approximately 1,016,000 tonnes per year ("tpy"). We produced approximately 749,000 tonnes of primary aluminum in 2017.

In addition to our primary aluminum assets, we also own a carbon anode production facility located in the Netherlands ("Vlissingen") and hold a 40% interest in Baise Haohai Carbon Co., Ltd. ("BHH"), a joint venture that owns and operates a carbon anode and cathode facility located in China. Carbon anodes are consumed in the production of primary aluminum. Both BHH and Vlissingen currently supply carbon anodes to our smelter in Grundartangi, Iceland. Each of our smelters in the United States sources anodes from on-site carbon anode production facilities.

We operate our business through one reportable segment, primary aluminum. Additional information about our segment reporting and certain geographic information is available in Note 18. Business segments to the consolidated financial statements included herein.

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

#### **Strategic Objective**

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

#### **Primary Aluminum Facilities**

##### ***Overview of Facilities***

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

##### ***Grundartangi***

The Grundartangi facility, located in Grundartangi, Iceland, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Nordural Grundartangi ehf, and is our most modern facility. Grundartangi is currently in the process of a multi-year expansion project that has brought the annual production capacity from 280,000 tonnes to current capacity of 317,000 tonnes (2017 volume) and is expected to ultimately increase annual production capacity to approximately 325,000 tonnes. Grundartangi produces standard-grade aluminum ingot and a primary foundry alloy product, which is a value-added product that is sold at a premium to standard-grade aluminum.

##### ***Hawesville***

Hawesville, located adjacent to the Ohio River near Hawesville, Kentucky, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Century Kentucky, Inc. ("CAKY"). Hawesville has an annual production capacity of approximately 250,000 tonnes. Approximately 60% of Hawesville's capacity has been curtailed since the fourth quarter of 2015. Hawesville produces standard-grade and high-purity aluminum that can be cast into sow or delivered directly to nearby customers as molten metal.

Hawesville is our largest U.S. smelter and has the capacity to be the largest producer of high purity primary aluminum in North America. Four of Hawesville's five potlines are capable of producing high purity aluminum which is sold at a premium to standard-grade aluminum and is used extensively by the defense industry as well as for certain aerospace applications.

***Sebree***

Sebree, located adjacent to the Green River near Robards, Kentucky, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Century Aluminum Sebree LLC ("Century Sebree"). Sebree has an annual production capacity of approximately 220,000 tonnes. Sebree produces standard-grade aluminum that can be cast into sow and value-added products, including billet, that are sold at a premium to standard-grade aluminum or delivered directly to nearby customers as molten metal.

***Mt. Holly***

Mt. Holly, located in Goose Creek, South Carolina, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Century Aluminum of South Carolina, Inc. ("CASC"). Mt. Holly has an annual production capacity of approximately 229,000 tonnes. The Mt. Holly facility is currently operating at approximately 50% of capacity while CASC pursues a long-term power solution. See "Key Production Costs — Electrical Power Supply Agreements" below for further discussion of our power arrangements at Mt. Holly.

Mt. Holly is the most modern primary aluminum smelter in the United States. Mt. Holly produces standard-grade aluminum that is cast into tee bars as well as several value-added products, including billet and foundry products. These value-added primary aluminum products are sold at a premium to standard-grade aluminum.

***Primary Aluminum Production Capacity***

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

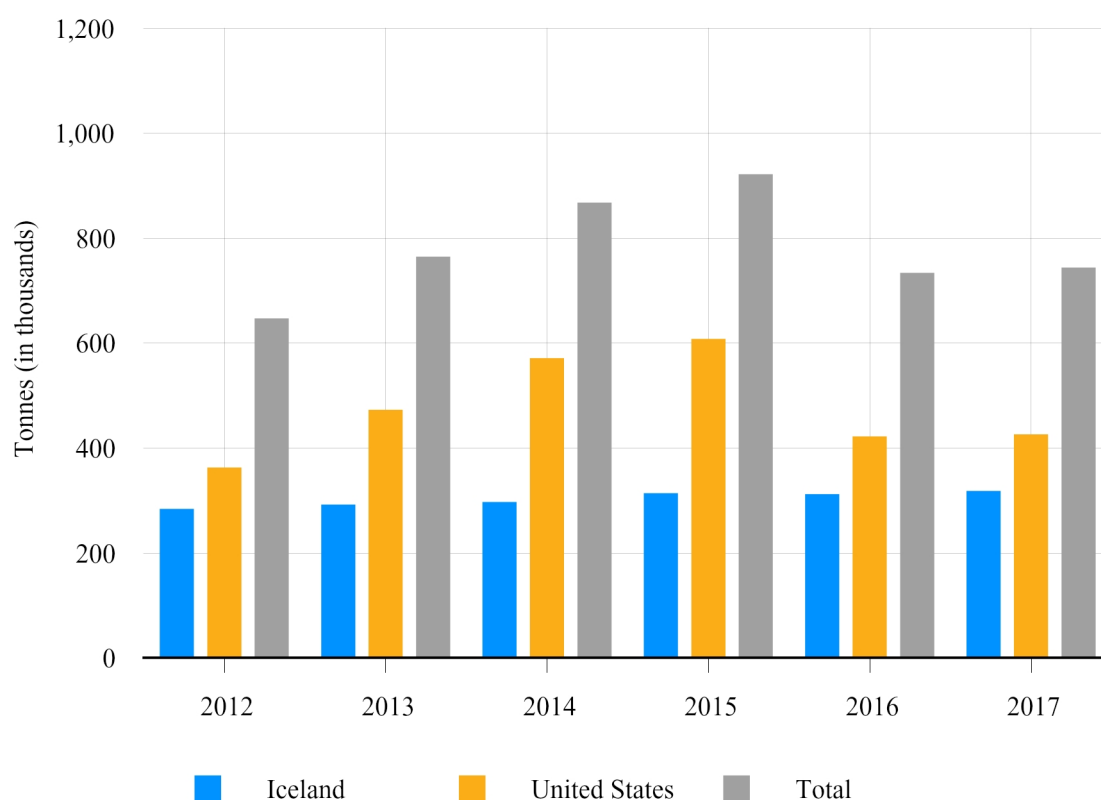
<b>Facility</b>	<b>Ownership Percentage</b>	<b>Operational</b>	<b>Annual Production Capacity (tpy) <sup>(1)</sup></b>	<b>Actual 2017 Annual Production (tpy)</b>
Grundartangi, Iceland	100%	1998	317,000	317,000
Hawesville, Kentucky USA	100%	1970	250,000	99,000
Sebree, Kentucky, USA	100%	1973	220,000	220,000
Mt. Holly, South Carolina USA	100%	1980	229,000	113,000
			<b>1,016,000</b>	<b>749,000</b>

<sup>(1)</sup> The tonnes per year (tpy) figures in this column reflect each facility's highest annual production for the last five fiscal years through and including the fiscal year ended December 31, 2017.

## Primary Aluminum Shipment Volume

The following table shows our primary aluminum shipment volumes since 2012<sup>(1)</sup>.

### Century Aluminum's Primary Aluminum Shipments



<sup>(1)</sup> Shipment volumes reflect our acquisition of Sebree in June 2013 and the remaining interest in Mt. Holly in December 2014 as well as the partial curtailment of our Hawesville and Mt. Holly operations during the fourth quarter of 2015.

## Primary Aluminum Projects

### *Helguvik project*

The Helguvik project is a greenfield project for an aluminum reduction facility in Helguvik, Iceland ("Helguvik" or the "Helguvik project"), owned by our wholly-owned subsidiary Nordural Helguvik ehf ("Nordural Helguvik"). The Helguvik project site is located approximately 30 miles from the city of Reykjavik, Iceland. Construction activity and spending on the project have remained curtailed since 2008 pending our ability to secure power delivery for the project at competitive prices. See "Key Production Costs — Electrical Power Supply Agreements" below for further discussion of our power arrangements at Helguvik.

## Carbon Products Facilities

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

### *Vlissingen*

Vlissingen is a carbon anode production facility owned and operated by Century Aluminum Vlissingen B.V. Vlissingen has an annual carbon anode production capacity of 145,000 tonnes.

### ***Baise Haohai Carbon Company, Ltd.***

BHH is a carbon anode and cathode facility which commenced operations in 2008. BHH is operated as a joint venture between one of our wholly-owned subsidiaries, which owns a 40% stake in the company, and Guangxi Qiangqiang Carbon Co., Ltd., which holds the remaining 60% ownership interest and is the operator of this facility. The BHH facility has an annual carbon anode production capacity of 180,000 tonnes and an annual cathode baking and graphitization capacity of 20,000 tonnes. Following the completion of the construction of our second furnace at our carbon anode facility in Vlissingen, Netherlands, we made the decision to pursue an exit from this investment. There is no assurance we will be successful in exiting this investment on terms that are acceptable to us or at all.

### **Pricing**

Primary aluminum is an internationally traded commodity and its price is effectively determined on the London Metal Exchange (the "LME") and other exchanges, plus any regional delivery premiums and value-added product premiums. Our operating results are highly sensitive to changes in the LME price of primary aluminum and the value of regional delivery and product premiums. As a result, from time to time, we assess the appropriateness of mitigating the effects of fluctuations in the aluminum price through the use of fixed-price commitments, LME-linked supply contracts and financial instruments. See Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

### **Customer Base**

For the year ended December 31, 2017, we derived approximately 75% of our consolidated net sales from sales to Glencore plc and its affiliates (together, "Glencore"). Glencore purchases the aluminum we produce for resale.

We have entered into agreements with Glencore pursuant to which Glencore has agreed to purchase a substantial portion of our aluminum produced from our U.S. and Icelandic operations through 2018 and 2019, respectively. Glencore purchases aluminum produced at our North American smelters at prices based on the LME price for primary aluminum plus the Midwest regional delivery premium and any additional market based product premiums. Glencore purchases aluminum produced at our Grundartangi, Iceland smelter at prices based on the LME plus the European Duty Paid premium and any applicable product premiums.

### **Key Production Costs**

Alumina, electrical power, calcined petroleum coke and liquid pitch (the key raw materials for carbon anodes), and labor are the principal components of our cost of production. These components together represented over 75% of our cost of goods sold for the year ended December 31, 2017. For a description of certain risks related to our raw materials, supplies and labor, see Item 1A. Risk Factors in this Annual Report on Form 10-K.

### ***Alumina Supply Agreements***

A summary of our principal alumina supply agreements is provided below:

<b>Supplier</b>	<b>Quantity</b>	<b>Term</b>	<b>Pricing <sup>(2)</sup></b>
Glencore <sup>(1)</sup>	Variable	Through December 31, 2017	Variable, API-based
Gramercy Alumina	Approximately 600,000 tpy	Through December 31, 2019	Variable, API-based

<sup>(1)</sup> Both parties are continuing to operate under the terms of this agreement while we negotiate a new agreement. Under the terms of this agreement, Glencore provides alumina supply for all of Century's requirements net of the other contractual commitments set forth above.

<sup>(2)</sup> Pricing is based on a published alumina index ("API").

## Electrical Power Supply Agreements

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

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

Electrical power represents one of the largest components of our cost of goods sold. From time to time, we may enter into forward contracts or other hedging arrangements to mitigate our electrical power or natural gas price risk. The paragraphs below summarize the sources of power and the long-term power arrangements for each of our operations.

*Grundartangi.* Power is currently supplied to Grundartangi from hydroelectric and geothermal sources under long-term power purchase agreements with HS, Landsvirkjun and OR at prices indexed to the price of primary aluminum, which provides a natural hedge of our largest production cost. Beginning in November of 2019, our contract with Landsvirkjun (covering approximately 30% of our current power requirements at Grundartangi) will be priced linked to the market price for power in the Nord Pool power market, the trading market for power in the Nordic countries and certain other areas of Europe. We have entered into financial contracts to fix the forward price of approximately 4% of Grundartangi's total power requirements for the period from November 1, 2019 through December 31, 2020.

Grundartangi's power purchase agreements expire on various dates from 2023 through 2036 (subject to extension). Each power purchase agreement contains take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreement.

*Hawesville.* CAKY is party to a power supply arrangement with Kenergy and EDF Trading North America, LLC ("EDF") which provides market-based power to the Hawesville smelter. Under this arrangement, the power companies purchase power on the open market and pass it through to Hawesville at Midcontinent Independent System Operator ("MISO") pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2019. Both of these agreements extend automatically year to year thereafter unless a one year notice of termination is given by either party.

*Sebree.* Century Sebree is party to a power supply arrangement with Kenergy and EDF which provides market-based power to the Sebree smelter. Similar to the arrangement at Hawesville, the power companies purchase power on the open market and pass it through to Sebree at MISO pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2019. Both of these agreements extend automatically year to year thereafter unless a one year notice of termination is given by either party.

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



Mt. Holly's inability to access the open market for 100% of its power requirements significantly impacts its ability to be competitive in the aluminum industry and puts its continued operation at risk. As a result of such uncompetitive power prices, Mt. Holly has already curtailed 50% of its production capacity. See Item 1A. Risk Factors — "If we are unable to enter into a long term, market-based power arrangement for Mt. Holly, we may choose, or be forced, to curtail operations at the plant."

*Helguvik.* Nordural Helguvik is party to a power agreement with OR for a portion of Helguvik's expected power requirements to the Helguvik project. The first stage of power under the OR power purchase agreement (approximately 47.5 MW) became available in the fourth quarter of 2011 and is currently being utilized at Grundartangi. We are in discussions with OR with respect to the remaining phases.

See Note 14. Commitments and contingencies to the consolidated financial statements included herein for additional information concerning our power arrangements.

## Employees

As of December 31, 2017, we had 1,864 employees.

## Labor Agreements

The bargaining unit employees at our Grundartangi, Hawesville and Sebree smelters and our Vlissingen carbon anode facility, representing approximately 65% of our total workforce, are represented by labor unions. Our employees at Mt. Holly are not represented by a labor union.

A summary of our key labor agreements is provided below:

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

Approximately 87% of Grundartangi's workforce is represented by five labor unions, governed by a labor agreement that establishes wages and work rules for covered employees. The current labor agreement is effective through December 31, 2019.

100% of Vlissingen's workforce is represented by the Federation for the Metal and Electrical Industry (the "FME"). The FME negotiates working conditions with trade unions on behalf of its members. The current agreement with the FME is effective through June 1, 2018.

Approximately 52% of our U.S. based workforce is represented by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW"). CAKY's Hawesville employees represented by the USW are under a collective bargaining agreement that expires on April 1, 2020. Century Sebree's employees represented by USW are under a collective bargaining agreement that expires on October 28, 2019.

## Competition

The market for primary aluminum is global, and demand for aluminum varies widely from region to region. We compete with aluminum producers within the U.S. and internationally as well as with producers of alternative materials such as steel, copper, carbon fiber, composites, plastic and glass, each of which may be substituted for aluminum in certain applications. Our competitive position depends, in part, on the availability of electricity, alumina and our other key raw materials to our operations at competitive prices. We face global competition from companies who may have access to these key production costs at lower prices. Many of our competitors are also larger than we are and have vertically integrated operations with superior cost positions. As a result, these companies may be better able to withstand reductions in price or other adverse industry or economic conditions.

While we face significant competition, we also have several competitive advantages:

*Access to Markets.* Our U.S. facilities benefit from the proximity to our U.S. customer base, allowing us to capture the Midwest regional delivery premium and providing a competitive advantage in freight costs over our competitors. The proximity to our customers also allows our Hawesville and Sebree plants to deliver a portion of their production in molten form, saving casting costs, and providing a competitive advantage over other potential suppliers. In Iceland, our proximity to European markets provides a competitive advantage for Grundartangi, including logistical benefits compared to our competitors outside the European Economic Area ("EEA"). As a member of the EEA, Iceland has duty free access to these European markets.

*Access to Power.* Our Kentucky operations have benefited over the past several years from market-based power contracts that have provided electricity to these operations at competitive prices. Currently, all of our power under our power contract for our Grundartangi plant is indexed to the price of primary aluminum (and after November 2019, 70% of its power will continue to be indexed to the price of primary aluminum), which provides a natural hedge of our largest production cost.

*Diverse Value Added Product Portfolio.* We maintain a diverse product portfolio. As noted above, our Hawesville plant has the capacity to be the largest producer of high purity aluminum in the United States. We also have the ability across our operations to cast a variety of aluminum products, both in terms of shapes and alloys. These value-added primary aluminum products are sold at a premium to standard-grade aluminum.

*Sustainability.* Our Grundartangi plant receives 100% of its power requirements from clean hydroelectric and geothermal sources, reducing our fossil fuel usage and mitigating the impact of any current or future carbon regulations.

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

## **Financial Information about Segments and Geographic Areas**

We operate in one reportable segment, primary aluminum. Additional information about our segment reporting and certain geographic information is available in Note 18. Business segments to the consolidated financial statements included herein.

## **Environmental Matters**

We are subject to various environmental laws and regulations in the countries in which we operate. We have spent, and expect to continue to spend, significant amounts for compliance with those laws and regulations. In addition, some of our past manufacturing activities have resulted in environmental consequences that require remedial measures. Under certain environmental laws, which may impose liability regardless of fault, we may be liable for the costs of remediation of contaminated property, including our current and formerly owned or operated properties or adjacent areas, or for the amelioration of damage to natural resources. We believe, based on currently available information, that our current environmental liabilities are not likely to have a material adverse effect on Century. However, we cannot predict the requirements of future environmental laws and future requirements at current or formerly owned or operated properties or adjacent areas or the outcome of certain existing litigation to which we are a party. Such future requirements or events may result in unanticipated costs or liabilities that may have a material adverse effect on our financial condition, results of operations or liquidity. More information concerning our environmental contingencies can be found in Note 14. Commitments and contingencies to the consolidated financial statements included herein.

## **Intellectual Property**

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

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

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

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

During the year ended December 31, 2017, non-U.S. affiliates of the largest stockholder of the Company (“the non-U.S. Stockholder Affiliates”) entered into sales and purchase contracts for agricultural products, metals, minerals and energy products with, or for delivery to or from Iranian entities wholly or majority owned by the GOI. The non-U.S. Stockholder Affiliates performed their obligations under the contracts in compliance with applicable sanction laws and, where required, with the necessary prior approvals by the relevant governmental authorities.

The gross revenue of the non-U.S. Stockholder Affiliates related to the contracts did not exceed the value of USD \$817 million for the year ended December 31, 2017.

At the same time as providing this information to us, the non-U.S. Stockholder Affiliates amended the information that it provided us for the third quarter of 2017 to state that the gross revenue of the non-U.S. Stockholder Affiliates related to these contracts did not exceed the value of total USD \$145 million for the third quarter of 2017 compared to the USD \$144 million previously reported.

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

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

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

The Company and its global subsidiaries had no transactions or activities requiring disclosure under ITRA, nor were we involved in the transactions described in this section. As of the date of this report, the Company is not aware of any other activity, transaction or dealing by it or any of its affiliates during the year ended December 31, 2017 that requires disclosure in this report under Section 13(r) of the Exchange Act.

#### **Available Information**

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

## **Item 1A. Risk Factors**

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

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

Our operating results depend on the market for primary aluminum. Primary aluminum is a globally traded commodity and its price is effectively determined on the London Metal Exchange (the "LME") and other exchanges, plus any regional delivery premiums and value-added product premiums. Because primary aluminum is a global commodity, the price for aluminum can be volatile and subject to many factors beyond our control. The LME price is influenced by a number of factors, including global supply-demand balance, inventory levels, speculative activities by market participants, production activities by competitors, political and economic conditions, as well as production costs in major production regions. Regional premiums are generally influenced by the supply-demand balance for a particular region and associated transportation costs. Product premiums reflect the supply-demand balance for particular shapes and alloys.

Reflecting this volatility, during 2017, the average LME price for primary aluminum was \$1,968 per tonne, compared to \$1,604 per tonne in 2016 and \$1,663 per tonne in 2015. During 2017, the average U.S. Midwest premium was \$199 per tonne, compared to \$169 per tonne in 2016 and \$279 per tonne in 2015. During 2017, the average European Duty Paid premium was \$148 per tonne, compared to \$132 per tonne in 2016 and \$236 in 2015. There can be no assurance that recent volatility in the price of aluminum will not continue.

Declines in the aluminum price have a direct impact on our results of operations. As a result of price declines in 2015, we curtailed production at our Hawesville smelter, which continues to operate at approximately 40% of capacity, and took other actions to reduce our cost of production, including deferring certain capital expenditures and maintenance costs and implementing workforce reductions. Future declines in the aluminum price could result in additional curtailments of our operations and additional cost cutting measures. Any deferred costs could ultimately result in higher capital expenditures and maintenance costs than would have been incurred had such costs not been deferred and increase the costs to restore production to capacity if market forces warrant.

Declines in the market price for aluminum could also reduce our liquidity due to lower borrowing availability under our asset-based revolving credit facility (caused by lower market value of our inventory and accounts receivable). Declines in aluminum prices (and regional delivery, product and other premiums) may materially and adversely affect our liquidity, the amount of cash flow we have available for our capital expenditures and other operating expenses, our ability to access the credit and capital markets and our results of operations.

### ***Excess capacity and over production of aluminum products may continue to materially disrupt world aluminum markets causing price deterioration and, in turn, adversely impact our sales, margins and profitability.***

World aluminum prices have been significantly depressed in recent years due to large amounts of excess capacity and over production in China and other regions. Significant portions of world aluminum production would not be possible without financial and other support from governments and state-owned entities. This oversupply has caused world aluminum prices to be adversely impacted. Continued over production and the improper export of heavily subsidized aluminum products may continue to materially disrupt world aluminum markets resulting in depressed prices and, in turn, materially adversely impact our sales, margins and profitability.

### ***Increases in energy costs adversely affect our business.***

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

Our Hawesville and Sebree plants receive all of their electricity requirements under market-based electricity contracts, and our Mt. Holly plant receives 75% of its electricity requirements under a market-based contract. Market-based electricity contracts expose us to market price volatility and fluctuations driven primarily by coal and natural gas prices and weather-influenced electric loads. In 2017, both coal and natural gas prices were relatively low, weather conditions were moderate and the energy prices we realized under these agreements were competitive. However, electrical power prices can fluctuate (for instance, as a result of extreme weather conditions), without any direct relationship to the price of aluminum. There can be no assurance that our market-based power supply arrangements at our Hawesville, Sebree and Mt. Holly plants will result in favorable electricity costs.

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

Any increase in our electricity and energy prices could have a material adverse effect on our business, financial position, results of operations and liquidity.

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

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

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

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

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

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

***Increases in our raw material costs and disruptions in our supply adversely affect our business.***

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

In addition, disruptions to the supply of these production inputs could occur for a variety of reasons, including disruptions of production at a particular supplier's facility or power plant. Any supply disruption may require us to purchase these products on less favorable terms than under our current agreements due to the limited number of suppliers of these products or other market conditions. In some instances, we may be unable to secure an alternative supply of these resources. Any disruption in our materials or electricity supply may adversely affect our operating results if we are unable to secure alternate supplies of materials at comparable prices or at all.

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

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

The continued operation of our smelters depends on the market for primary aluminum and our underlying cost of production. Due to significant declines in the aluminum price during 2015, we made the decision to curtail 60% of production at our Hawesville smelter. We are also currently operating our Mt. Holly smelter at 50% capacity as a result of uncompetitive power prices. There can be no assurance that continued or future deterioration in the price of aluminum or increases in our costs of production will not result in additional production curtailments at our smelters.

Curtailing production requires us to incur substantial expenses, both at the time of the curtailment and on an ongoing basis. Our facilities are subject to contractual and other fixed costs that continue even if we curtail operations at these facilities. These costs reduce the cost saving advantages of curtailing unprofitable aluminum production. If we are unable to realize the intended cost saving effects of any production curtailment, we may have to seek bankruptcy protection or be forced to divest some or all of our assets. The process of restarting production following curtailment is also expensive and time consuming. As a result, any decision to restart production would likely require market conditions significantly better than the market conditions at the time the decision to curtail was made. Any curtailments of our operations, or actions taken to seek bankruptcy protection or divest some or all of our assets, could have a material adverse effect on our business, financial position, results of operations and liquidity.

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

From time to time, we undertake strategic capital projects in order to enhance, expand and/or upgrade our facilities and operational capabilities. For instance, within the past several years, we have undertaken major expansions of our Grundartangi and Vlissingen facilities. Our ability to complete these projects and the timing and costs of doing so are subject to various risks, many of which are beyond our control. Additionally, the start-up of operations after such projects have been completed is also subject to risk. Our ability to achieve the anticipated increased revenues or otherwise realize acceptable returns on these investments is subject to a variety of market, operational, permitting, and labor-related factors. Any failure to complete these projects, or any delays or failure to achieve the anticipated results from the implementation of any such projects, could have a material adverse effect on our business, financial condition, results of operations and liquidity.

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

The bargaining unit employees at our Grundartangi, Hawesville, Sebree and Vlissingen facilities are represented by labor unions, representing approximately 65% of our total workforce as of December 31, 2017. If we fail to maintain satisfactory relations with any labor union representing our employees, our labor contracts may not prevent a strike or work stoppage at any of these facilities in the future. As part of any negotiation with a labor union, we may reach agreements with respect to future wages and benefits that may have a material adverse effect on our future business, financial condition, results of operations and liquidity. In addition, negotiations could divert management attention or result in strikes, lock-outs or other work stoppages. Any threatened or actual work stoppage in the future or inability to renegotiate our collective bargaining agreements could prevent or significantly impair our ability to conduct production operations at our facilities subject to these collective bargaining agreements, which could have a material adverse effect on our business, financial position, results of operations and liquidity.

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

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

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

We have historically derived substantially all of our consolidated net sales from a small number of customers. For the years ended December 31, 2016 and December 31, 2017, we derived approximately 89% and 75%, respectively, of our consolidated net sales from Glencore and we currently have agreements in place to sell a substantial portion of our 2018 and 2019 production to Glencore. We expect that the rest of our 2018 customer base will remain fairly concentrated among a small number of customers under short-term contracts.

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

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

We receive a significant portion of our revenues and cash flow from our operations in Iceland. These operations expose us to risks, including unexpected changes in foreign laws and regulations, political and economic instability, challenges in managing foreign operations, increased costs to adapt our systems and practices to those used in foreign countries, taxes, export duties, currency restrictions and exchange, tariffs and other trade barriers, and the burdens of complying with a wide variety of

foreign laws and regulations. Changes in foreign laws and regulations are generally beyond our ability to control, influence or predict and future adverse changes in these laws could have a material adverse effect on our business, financial position, results of operations and liquidity.

In addition, we may be exposed to fluctuations in currency exchange rates. As a result, an increase in the value of foreign currencies relative to the U.S. dollar could increase our operating expenses which are denominated and payable in those currencies. To the extent we explore additional opportunities outside the U.S., our currency risk with respect to the Icelandic krona, the euro and other foreign currencies may increase.

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

We have a joint venture agreement pursuant to which we hold a 40% stake in BHH, a carbon anode and cathode facility located in the Guangxi Zhuang Autonomous Region of south China. Because we beneficially own less than a majority of the ownership interests in BHH, we have limited control of the operations of this facility and we must depend in part on our co-owner to operate such assets. Our co-owner may have interests, objectives and incentives with respect to such assets that differ from our own and there can be no assurance that BHH will be operated in accordance with our best interests.

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

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

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

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

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

***We require significant cash flow to meet our debt service requirements, which increases our vulnerability to adverse economic and industry conditions, reduces cash available for other purposes and limits our operational flexibility.***

As of December 31, 2017, we had an aggregate of approximately \$256 million of outstanding debt and we may incur additional debt in the future.

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

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

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



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

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

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

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

***Our debt instruments subject us to covenants and restrictions.***

Our existing debt instruments contain various covenants that restrict the way we conduct our business and limit our ability to incur debt, pay dividends and engage in transactions such as acquisitions and investments, among other things, which may impair our ability to obtain additional liquidity and grow our business. Any failure to comply with those covenants would likely constitute a breach under such debt instruments which may result in the acceleration of all or a substantial portion of our outstanding indebtedness and termination of commitments under our revolving credit facility. If our indebtedness is accelerated, we may be unable to repay the required amounts and our secured lenders could foreclose on any collateral securing our secured debt. Any of the foregoing actions could have a material adverse effect on our business, financial condition, results of operations and liquidity.

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

We are a holding company and conduct all of our operations through our subsidiaries. As a holding company, our results of operations depend on the results of operations of our subsidiaries. Moreover, our ability to meet our debt service obligations depends upon the receipt of intercompany transfers from our subsidiaries. The ability of our subsidiaries to pay dividends or make other payments or advances to us will depend on their operating results and will be subject to applicable laws and any restrictions or prohibitions on intercompany transfers by those subsidiaries contained in agreements governing the debt of such subsidiaries.

***The failure of our information technology systems and/or difficulties or delays in implementing new information technology systems could have a material adverse effect on our business, results of operations and financial position.***

We depend on our information technology systems to effectively manage significant aspects of our business including, without limitation, production process control, metal inventory management, and reporting financial and operational results. We are currently in the process of a company-wide deployment of a new enterprise resource planning system. Deployment of new information systems and technologies involves risks and uncertainties. Any disruptions, delays, or deficiencies in the design, implementation, or transition of such systems could result in increased costs, disruptions in our business, and/or adversely affect our ability to timely report our financial results.

Our information technology systems may also be vulnerable to damage or interruption from circumstances largely beyond our control, including, without limitation, fire, natural disasters, power outages, systems failure, security breaches, and cyber-attacks, which include viruses, malware, and ransom attacks. Cybersecurity incidents, in particular, continue to become more sophisticated and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other

electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data.

We have taken measures to minimize the risks related to information technology systems. However, there is no assurance that these measures will be adequate. Any failure or interruption of our current information technology systems, and/or any failure resulting from a transition to new information technology systems, could have a material adverse effect on our business, results of operations and financial position.

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

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

For example, in October 2015, the U.S. Environmental Protection Agency (the "EPA") adopted the Clean Power Plan which would require states to meet significant carbon emission reduction standards. These regulations could have a variety of adverse effects on our business. Electricity represents our single largest operating cost and the availability of electricity at competitive prices is critical to the profitability of our operations. Some of the power we purchase in the United States is generated at coal-based power plants, which are likely to be significantly impacted by these regulations. For example, these regulations could require permanent closure of significant amounts of coal-based power generation. Replacement generation would likely be more expensive, including substantial amounts of renewable generation, which additional costs would likely be passed down to us in the form of higher rates. This could significantly increase our operating costs which would have a material adverse effect on our business, financial position, results of operations and liquidity. Even small increases in power prices could have a disproportionate impact on our business if such price increases are not supported by then current aluminum prices. Certain states have challenged the Clean Power Plan and, in October 2017, the EPA announced its proposal to repeal the Clean Power Plan in its entirety on the grounds that that the plan is illegal because it goes beyond the government's authority. The potential impact of these regulations on us will depend on the form in which these regulations are ultimately implemented, if at all.

In addition, as a member of the European Economic Area and a signatory to the Kyoto Protocol, Iceland has implemented legislation to abide by the Kyoto Protocol and to prepare to abide by Directive 2003/87/EC of the European Parliament which establishes a "cap and trade" scheme for greenhouse gas emission allowance trading. Iceland is complying with the Directive by participating in the European Union ("EU") Emission Trade Scheme from January 1, 2013. Although we will receive approximately 70% of needed carbon dioxide allowances for the Grundartangi smelter free of charge, the economic impact of implementing this system is not fully known as cost of allowances could rise.

Implementation of these or other potential regulatory changes is uncertain and may be either voluntary or legislated and may impact our operations directly or indirectly through customers or our supply chain. We may incur increased capital expenditures resulting from compliance with such regulatory changes, increased energy costs, costs associated with a "cap and trade" system, increased insurance premiums and deductibles, a change in competitive position relative to industry peers and changes to profit or loss arising from increased or decreased demand for goods produced by us and indirectly, from changes in cost of goods sold. For example, "cap and trade" legislation may impose significant additional costs to our power suppliers that could lead to significant increases in our energy costs. In addition, the potential physical impacts of climate change on our operations are highly uncertain and will be particular to the geographic circumstances. These may include changes in rainfall patterns, shortages of water or other natural resources, changing sea levels, changing storm patterns and intensities, and changing temperature levels. Any adverse regulatory and physical changes may have a material adverse effect on our business, financial position, results of operations and liquidity.

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

We are obligated to comply with various foreign, federal, state and other environmental laws and regulations, including the environmental laws and regulations of the United States, Iceland, China and the EU. Environmental laws and regulations may expose us to costs or liabilities relating to our manufacturing operations or property ownership. We incur operating costs and capital expenditures on an ongoing basis to comply with applicable environmental laws and regulations. We also are currently, and may in the future be, responsible for the cleanup of contamination at some of our current and former facilities or for the amelioration of damage to natural resources. If more stringent compliance or cleanup standards under environmental

laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered or alleged, or if contributions from other responsible parties with respect to sites for which we have cleanup responsibilities are not available, we may be subject to additional liability, which may have a material adverse effect on our business, financial condition, results of operations and liquidity. Further, additional environmental matters for which we may be liable may arise in the future at our present sites where no problem is currently known, with respect to sites previously owned or operated by us, by related corporate entities or by our predecessors, or at sites that we may acquire or operate in the future. In addition, overall production costs may become prohibitively expensive and prevent us from effectively competing in price sensitive markets if future capital expenditures and costs for environmental compliance or cleanup are significantly greater than expected.

In addition, many of our key suppliers are subject to environmental laws and regulations that may affect their costs of production resulting in an increase in the price of the products that we purchase from them. For instance, some of the power we purchase in the United States is generated at coal-based power plants, which are subject to significant environmental regulation. Application of existing and new environmental laws and regulations to us and/or our key suppliers may have a material adverse effect on our business, financial position, results of operations and liquidity.

***Our operations are subject to a variety of laws that regulate the protection of the health and safety of our employees, and changes in health and safety regulation could result in significant costs, which could have a material adverse effect on our business, financial position, results of operations and liquidity.***

We are subject to various foreign, federal and state laws that regulate the protection of the health and safety of our workers. Changes in existing laws, possible future laws and regulations or more restrictive interpretations of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures or impose restrictions on our operations. For example, we are subject to the requirements of the U.S. Occupational Safety and Health Administration (“OSHA”). On January 9, 2017, OSHA published a new standard for workplace exposure to beryllium, contained in alumina. The new standard would, among other things, lower the permissible exposure limits and establish new requirements for respiratory protection, personal protective clothing and equipment, medical surveillance, hazard communication, and recordkeeping, among others. Companies are required to comply with certain elements of the new standard by March 12, 2018; however, we have filed a petition with the U.S. Court of Appeals to review the final rule and are in negotiations with OSHA to make certain changes to the rule and delay the compliance dates. In the event we are unable to reach an agreement with OSHA, we will proceed with our petition challenging the rule. Compliance with the new standard in its current form would require significant capital expenditure and would likely increase our production costs. The ultimate impact, if any, of this new standard will depend on the nature and extent of the final rule as implemented, the cost of and our ability to meet the new standard, the potential impact on alumina costs, and other factors. Failure to comply with applicable laws and regulations that regulate the protection of the health and safety of our workers may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, which may require corrective measures including capital expenditures, installation of additional equipment or remedial actions. Any such penalties, fines, sanctions or shutdowns could have a material adverse effect on the our business and results of operations.

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

Glencore beneficially owns approximately 42.9% of our outstanding common stock and all of our outstanding Series A Convertible Preferred stock. In addition, one of our five directors is a Glencore employee. During the year ended December 31, 2017, we derived approximately 75% of our consolidated sales from Glencore and we expect to sell a significant portion of our production to Glencore in 2018. Century and Glencore enter into various transactions such as the purchase and sale of primary aluminum, purchase and sale of alumina, tolling agreements and certain forward financial contracts. Because of the interests described above, Glencore may have substantial influence over our business, and on the outcome of any matters submitted to our stockholders for approval.

In addition, certain decisions concerning our operations or financial structure may present conflicts of interest between Glencore and our other stockholders. For example, Glencore may in the future engage in a wide variety of activities in our industry that may result in conflicts of interest with respect to matters affecting us. In addition, because of the interests described above, any future agreements or arrangements that we enter into with Glencore may not be comparable to those we could have negotiated with an unaffiliated third party.

***Acquisitions could disrupt our operations and harm our operating results.***

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

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

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

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

As of December 31, 2017, we had federal net operating loss carryforwards of approximately \$1.5 billion which could offset future taxable income. Our ability to utilize our deferred tax assets to offset future federal taxable income may be significantly limited if we experience an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change would occur if our "five-percent shareholders," as defined under the Code, collectively increase their ownership in us by more than fifty percentage points over a rolling three-year period. Future transactions in our stock that may not be in our control may cause us to experience such an ownership change and thus limit our ability to utilize net operating losses, tax credits and other tax assets to offset future taxable income.

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

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

***Unpredictable events may interrupt our operations, which, may adversely affect our business.***

Our operations may be susceptible to unpredictable events, including accidents, transportation and supply interruptions, labor disputes, equipment failure, information system breakdowns, natural disasters, dangerous weather conditions, river conditions, political unrest and other events. Operational malfunctions or interruptions at one or more of our facilities could result in substantial losses in our production capacity, personal injury or death, damage to our properties or the properties of others, monetary losses and potential legal liability.

Iceland, for example, suffered several natural disasters and extreme weather events in 2010, 2011, 2012, 2014 and 2016, including significant volcanic eruptions and earthquakes which can lead to disruption in power transmission or other impacts to our operations. Insufficient rain in Iceland has and could in the future lead to low water levels in the reservoirs which has and may again result in curtailments in power which is provided to our Grundartangi, Iceland smelter from hydroelectric and geothermal sources.

We accept delivery of necessary raw materials to our operations using public infrastructure such as river systems and seaports. Deterioration of such infrastructure and/or other adverse conditions could result in transportation delays or interruptions and increased costs, as occurred during the third quarter of 2017 when lock closures on the Ohio River impacted our alumina supply and forced us to find alternative means to transport alumina to our Kentucky operations at increased cost. Any delay in the delivery of raw materials necessary for our production could impact our ability to operate our plants and have a material adverse effect on our business, financial condition or results of operation.

Future unpredictable events may adversely affect our ability to conduct business and may require substantial capital expenditures and operating expenses to remediate damage and restore operations at our production facilities. Although we maintain

insurance to mitigate losses resulting from such events, our coverage may not be sufficient to cover all losses, may have high deductibles or may not cover certain events at all. To the extent these losses are not covered by insurance, our financial condition, results of operations and cash flows could be materially and adversely affected.

**Item 1B. Unresolved Staff Comments**

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

**Item 2. Properties**

Our principal executive office is located at 1 South Wacker Drive, Chicago, Illinois 60606. We own and operate aluminum smelters in the United States and Iceland. We also own a carbon anode production facility located in the Netherlands and a 40% interest in a carbon anode and cathode facility located in China. We lease certain of our facilities under long-term operating leases, however we do not believe that this fact materially affects the continued use of these properties. We believe all of our facilities are suitable and adequate for our current operations. Our significant properties are listed below. Additional information about the age, location and productive capacity of our facilities is available in the "Overview" section of Item 1. Business.

<b>Facility</b>	<b>Ownership</b>
Hawesville	100% Owned
Sebree	100% Owned
Mt. Holly	100% Owned
Grundartangi	Long-term ground lease through 2030, renewable at expiration at our option for successive ten year periods
Helguvik	Long-term ground lease expected to begin on the date of commercial operations for 50 years with an automatic extension provision for successive 15 year periods
Vlissingen	Long-term 100 year ground lease
Chicago Corporate Office	Long-term office lease that expires in September 2024

**Item 3. Legal Proceedings**

We are a party from time to time in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on our financial position, operating results and cash flows. For information regarding material legal proceedings pending against us at December 31, 2017, refer to Note 14. Commitments and contingencies to the consolidated financial statements included herein.

**Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

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

#### Market Information

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

Sales prices	2017		2016	
	High	Low	High	Low
First quarter	\$ 16.53	\$ 8.39	\$ 8.94	\$ 2.63
Second quarter	17.28	11.59	9.40	5.64
Third quarter	20.68	12.94	8.45	5.53
Fourth quarter	20.30	13.00	10.69	6.51

#### Holdings

As of February 9, 2018, there were 62 holders of record of our common stock, which does not include the number of beneficial owners whose common stock was held in street name or through fiduciaries.

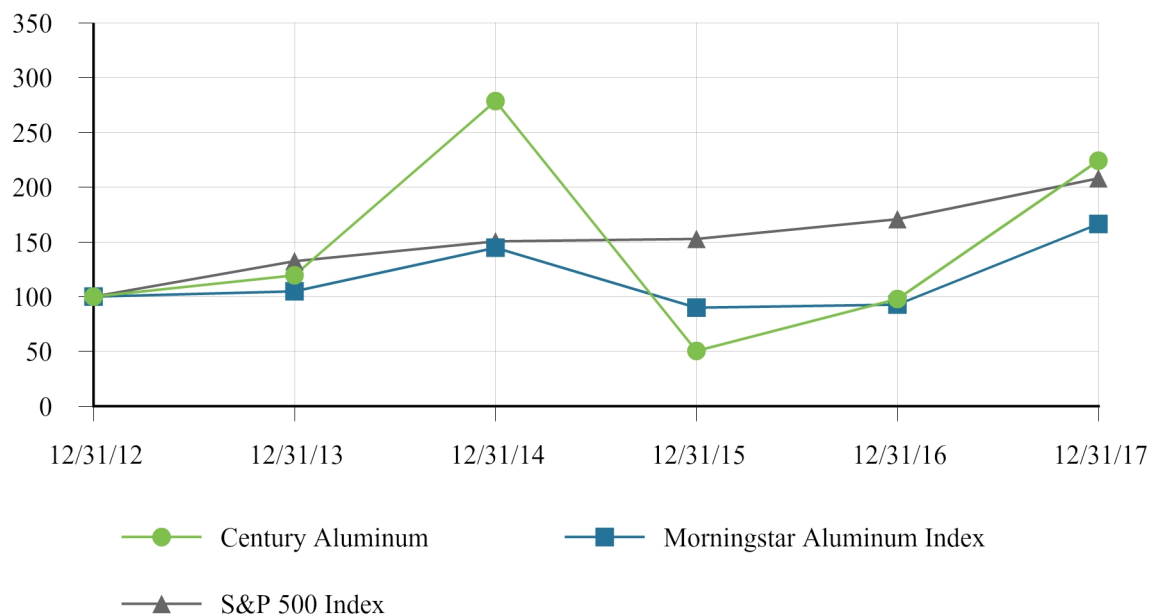
#### Dividend Information

We did not declare dividends on our common stock in 2017 or 2016. We do not plan to declare cash dividends in the foreseeable future. Any declaration of dividends is at the discretion of our Board of Directors.

Our U.S. revolving credit facility and the indenture governing our 2021 Notes contain restrictions which limit our ability to pay dividends. Additional information about the terms of our long-term borrowing agreements is available at Note 5. Debt to the consolidated financial statements included herein.

## Stock Performance Graph

The following line graph compares Century Aluminum Company's cumulative total return to stockholders with the cumulative total return of the S&P 500 Index and the Morningstar Aluminum Index. These comparisons assume the investment of \$100 on December 31, 2012 and the reinvestment of dividends.



### Comparison of Cumulative Total Return to Stockholders from December 31, 2012 through December 31, 2017

As of December 31,	2012	2013	2014	2015	2016	2017
Century Aluminum Company	\$ 100	\$ 119	\$ 279	\$ 50	\$ 98	\$ 224
Morningstar Aluminum Index	100	105	145	90	93	166
S&P 500 Index	100	132	151	153	171	208

### Issuer Purchases of Equity Securities during the three months ended December 31, 2017

There were no issuer purchases of equity securities during the three months ended December 31, 2017. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Other Items for a discussion of the current stock repurchase authorization.

## Item 6. Selected Financial Data

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

	Year Ended December 31,				
	2017	2016 <sup>(1)</sup>	2015 <sup>(2)</sup>	2014 <sup>(3)</sup>	2013 <sup>(4)</sup>
	(dollars in thousands, except per share amounts)				
Net sales	\$ 1,589,080	\$ 1,319,094	\$ 1,949,857	\$ 1,931,042	\$ 1,454,313
Gross profit (loss)	128,605	(11,042)	41,313	201,799	39,523
Operating income (loss)	93,858	(234,213)	(39,088)	140,123	(36,556)
Net income (loss)	48,580	(252,415)	(59,310)	126,474	(40,313)
Earnings (loss) per share:					
Basic	\$ 0.51	\$ (2.90)	\$ (0.68)	\$ 1.31	\$ (0.45)
Diluted	0.51	(2.90)	(0.68)	1.30	(0.45)
Dividends per common share	\$ —	\$ —	\$ —	\$ —	\$ —
Total assets	1,581,641	1,540,327	1,752,468	2,025,058	1,810,196
Total debt <sup>(5)</sup>	255,968	255,514	255,093	254,703	262,946
Long-term debt obligations <sup>(6)</sup>	248,153	247,699	247,278	246,888	246,528
<b>Other information</b>					
Primary aluminum shipments, in tonnes:					
Direct	743,198	687,700	823,751	728,377	485,690
Toll	—	46,125	98,207	138,748	278,908
Average price per tonne:					
Direct shipments	\$ 2,126	\$ 1,825	\$ 2,169	\$ 2,333	\$ 2,154
Toll shipments	\$ —	\$ 1,172	\$ 1,374	\$ 1,554	\$ 1,448
LME	\$ 1,968	\$ 1,604	\$ 1,663	\$ 1,867	\$ 1,846
Midwest premium	\$ 199	\$ 169	\$ 279	\$ 450	\$ 244
European Duty Paid premium	\$ 148	\$ 132	\$ 236	\$ 424	\$ 272

<sup>(1)</sup> In 2016, the Helguvik project in Iceland was determined to be impaired and charges of \$152.2 million were recorded.

<sup>(2)</sup> In 2015, Ravenswood was permanently closed. Also, in the fourth quarter of 2015, operations at Hawesville and Mt. Holly were partially curtailed.

<sup>(3)</sup> In December 2014, the remaining interest in Mt. Holly was acquired.

<sup>(4)</sup> In June 2013, Sebree was acquired and our corporate offices were relocated to Chicago, Illinois.

<sup>(5)</sup> Total debt includes all long-term debt obligations and any debt classified as short-term obligations, net of any debt discounts, including current portion of long-term debt, borrowings under our revolving credit facilities and the IRBs.

<sup>(6)</sup> Long-term debt obligations are all payment obligations under long-term borrowing arrangements, excluding the current portion of the long-term debt.



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

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

### **Overview**

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

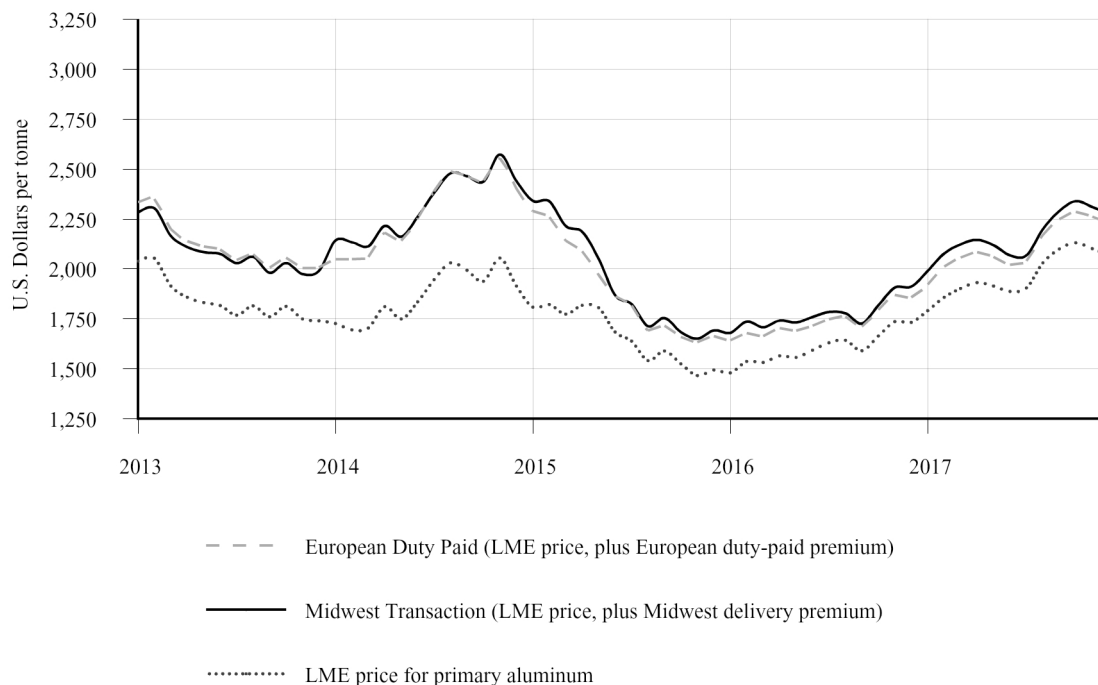
- the price of primary aluminum, which is based on the London Metal Exchange (the "LME") and other exchanges, plus any regional delivery premiums and value-added product premiums;
- the cost of goods sold, the principal components of which are electrical power, alumina, carbon products and labor, which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

### ***Pricing of aluminum***

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

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

### Historical LME, Midwest Transaction and European Duty Paid Price



During 2017, the average LME price for primary aluminum was \$1,968 per tonne, compared to \$1,604 per tonne in 2016, and \$1,663 in 2015. The average U.S. Midwest premium increased from \$169 per tonne in 2016 to \$199 per tonne in 2017. European Duty Paid Premiums showed similar price increases. The increase in the LME price for primary aluminum in 2017 was driven, in part, by supply side reforms and production curtailments in China. However, the extent to which these reforms will be enforced and, as a result, whether the curtailed production will continue to remain offline remains unclear. Continued over production and the improper export of heavily subsidized aluminum products may continue to materially disrupt world aluminum markets.

Our results generally reflect the average LME price for primary aluminum on a two-month lag basis.

#### ***Energy, Key Supplies and Raw Materials***

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

In 2017, increases in costs for certain of our key raw materials largely outpaced the increases in the aluminum price. The alumina index price, for example, averaged approximately \$354 per tonne for 2017 and reached a high of \$484 in October 2017. In comparison, the alumina index price averaged approximately \$254 per tonne for 2016. We saw similar increases in the costs of calcined petroleum coke and liquid pitch. There is typically a one-to-three month lag on cost utilization for alumina and certain of our other key raw materials depending on the terms of our contracts, the timing of shipments and inventory levels.

Electrical power represents our single largest operating cost. As a result, the availability of reliable electrical power at competitive prices is critical to the profitability of our operations. Currently, our Hawesville and Sebree plants receive all of their electricity requirements under market-based power agreements and our Mt. Holly plant receives 75% of its electricity requirements under a market-based contract. Our Grundartangi plant is also currently supplied power at prices linked to the LME price for aluminum, however, beginning in November of 2019, approximately 30% of our power requirements at Grundartangi will be priced linked to the market price for power in the Nord Pool power market. Market-based energy prices are driven in large part by coal and natural gas prices and weather-influenced electric loads. In 2017, both coal and natural gas prices were relatively low, weather conditions were moderate and the market-based energy prices we realized under these agreements were substantially below the cost-based utility rate that the smelters would otherwise have paid.

Mt. Holly is currently required to purchase 25% of its power requirements from Santee Cooper at a standard cost-based industrial rate, which is the highest rate for power paid by any U.S. smelter and substantially higher than the rate Mt. Holly pays for market power. Mt. Holly's inability to access the open market for 100% of its power requirements significantly impacts its ability to be competitive in the aluminum industry and puts its continued operation at risk. As a result of such uncompetitive power prices, Mt. Holly has already curtailed 50% of its production capacity. We are currently in litigation against Santee Cooper seeking damages and injunctive relief, including the ability to purchase 100% of Mt. Holly's power from the open market. See Item 1A. Risk Factors — "If we are unable to enter into a long-term, market-based, power arrangement for Mt. Holly, we may choose, or be forced, to further curtail operations at the plant."

### ***Production/Shipment Volumes***

Shipment volume is another key determinant of our financial results. In normal circumstances, our facilities operate at or near capacity, and fluctuations in volume, other than through acquisitions or expansions, are generally small. Due to significant declines in the price of aluminum, the Hawesville smelter was curtailed in the fourth quarter of 2015 and continues to operate at approximately 40% of its capacity. The Mt. Holly smelter has also curtailed approximately 50% of its capacity due to uncompetitive power prices imposed by the utility in South Carolina.

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

#### **SHIPMENTS - PRIMARY ALUMINUM**

	<b>United States</b>		<b>Iceland</b>		<b>Total <sup>(1)</sup></b>	
	<b>Tonnes</b>	<b>Revenue \$</b>	<b>Tonnes</b>	<b>Revenue \$</b>	<b>Tonnes</b>	<b>Revenue \$</b>
	<b>(dollars in millions)</b>					
2017	425,669	\$ 929.6	317,529	\$ 650.7	743,198	\$ 1,580.3
2016	422,139	799.2	311,686	510.2	733,825	1,309.4
2015	607,715	1,345.9	314,243	576.2	921,958	1,922.1

<sup>(1)</sup> Excludes scrap aluminum sales

U.S. shipments for 2017 and 2016 were lower than 2015 reflecting the production curtailments at Hawesville and Mt. Holly. The increase in Iceland production from 2015 to 2017 reflects our multi-year expansion project. Any adverse changes in the conditions that affect shipment volumes could have a material adverse effect on our results of operations and cash flows.

### **Results of Operations**

The following discussion for the years ended December 31, 2017 and 2016 reflects the operations at Hawesville and Mt. Holly running at approximately 40% and 50% of full capacity, respectively.

#### ***Year Ended December 31, 2017 Compared to Year Ended December 31, 2016***

*Net sales:* Net sales for the twelve months ended December 31, 2017 improved \$270.0 million compared to the same period in 2016, driven by higher price realizations of \$264.5 million primarily resulting from increases in the LME price for primary aluminum, an increase due to a shift from toll to direct sales of \$24.4 million and an increase in shipment volumes of \$17.7 million, partially offset by unfavorable product mix and product premiums of \$36.6 million reflecting a heavier mix of sow and molten product in 2017 compared to 2016 and a decrease in value-added product premiums year over year.

*Gross profit:* Gross profit for the twelve months ended December 31, 2017 improved \$139.6 million compared to the same period in 2016, driven primarily by higher price realizations of \$264.5 million, favorable operating expenses of \$13.6 million and favorable volume of \$1.4 million, partially offset by unfavorable raw material prices of \$88.2 million, unfavorable power prices of \$35.2 million (\$19.6 million of which relates to increases in Iceland power prices, which are linked to the LME), unfavorable product mix and product premiums of \$16.2 million and other of \$0.3 million.

*Selling, general and administrative expenses:* Selling, general and administrative expenses increased \$5.2 million compared to 2016, due primarily to an increase in stock compensation expense of \$2.9 million reflecting our higher stock price, an increase in professional fees of \$2.9 million related to spending on several corporate projects including a multi-year upgrade in our ERP systems and relocating our IT support group to be closer to a large talent pool, partially offset by an other postretirement benefits ("OPEB") curtailment gain of \$0.4 million and other of \$0.2 million.

*Helguvik (gains) losses:* During 2017, we extinguished a portion of our contractual commitments associated with the construction of the Helguvik project. Such extinguishment resulted in a gain of \$7.3 million recognized in Helguvik (gains) losses in the consolidated statements of operations.

*Ravenswood (gains) losses:* In 2017, the Ravenswood retiree medical class action lawsuit was settled. As a result, we recognized a non-cash gain of \$5.5 million reflecting the present value discount of the original settlement agreement of \$23 million which was recorded in 2016 - see Note 14. Commitments and contingencies. Also in 2016, we recorded an impairment charge of \$3.8 million based on our agreement to sell our net assets in Ravenswood - see Note 3. Helguvik and Ravenswood gains and losses.

*Net (gain) loss on forward and derivative contracts:* In 2017, we recognized losses of \$16.5 million primarily related to LME fixed forward financial sales contracts that were entered into in early 2016 for shipments through December 31, 2017; the losses were driven by the increase in the LME during 2017. In 2016, we recorded gains of \$3.5 million primarily related to LME fixed forward financial sales contracts that were also entered into in early 2016 for shipments through December 31, 2016.

*Income tax expense:* We have a valuation allowance against all of our U.S. and certain foreign tax assets. The increase in tax expense primarily relates to an increase in earnings of certain of our foreign entities that are not subject to a valuation allowance, while entities that are subject to valuation allowance are unable to recognize a tax benefit for their losses.

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

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

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

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

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

*Ravenswood (gains) losses:* During 2015, we recorded an impairment charge of \$30.9 million related to the permanent closure of our Ravenswood, West Virginia aluminum smelter. During 2016, we recorded an additional impairment charge of

\$3.8 million based on our agreement to sell essentially all of the Ravenswood assets. Also during 2016, we recorded a \$23.0 million charge related to an agreement to settle a Ravenswood retiree medical class action lawsuit - see Note 14. Commitments and contingencies. See [Note 3. Helgukvik and Ravenswood gains and losses](#) to the consolidated financial statements included herein for additional information.

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

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

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

## Liquidity and Capital Resources

Our principal sources of liquidity are available cash, cash flow from operations and borrowing capacity under our existing revolving credit facilities. We have also raised capital in the past through the public equity and debt markets, and we regularly explore various other financing alternatives. Our principal uses of cash include the funding of operating costs (including post-retirement benefits), debt service requirements, the funding of capital expenditures, investments in our growth activities and in related businesses, working capital and other general corporate requirements. We believe that cash provided from operations and financing activities will be adequate to cover our operations and business needs over the next 12 months.

### Available Cash

Our available cash and cash equivalents balance at December 31, 2017 was \$167.2 million compared to \$132.4 million at December 31, 2016.

### Sources and Uses of Cash

Our statements of cash flows for the twelve months ended December 31, 2017, 2016 and 2015 are summarized below:

	<b>Twelve months ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	(dollars in thousands)		
Net cash provided by operating activities	\$ 51,759	\$ 38,173	\$ 31,866
Net cash used in investing activities	(17,355)	(21,163)	(43,363)
Net cash provided by (used in) financing activities	404	—	(36,352)
Change in cash and cash equivalents	<u>\$ 34,808</u>	<u>\$ 17,010</u>	<u>\$ (47,849)</u>

Net cash flow provided by operating activities for 2017 was \$51.8 million, compared to \$38.2 million for 2016. The increase in cash provided by operating activities was driven by an increase in earnings primarily due to higher realized prices year-over-year, partially offset by cash used to fund increases in working capital due to higher raw material costs and to support an increase in trade accounts receivable resulting from longer payment terms as we increased direct sales to customers other than Glencore.

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

Our net cash used in investing activities for 2017 was \$17.4 million, compared to \$21.2 million for 2016. While 2017 capital expenditures increased \$9.9 million over 2016, this was more than offset by \$13.6 million of proceeds received in 2017 from the sale of our Ravenswood facility.

Our net cash used in investing activities for 2016 was \$21.2 million compared to \$43.4 million for 2015. The decrease in cash used was primarily due to reduced capital spending in 2016 as compared to 2015.

Our net cash provided by financing activities for 2017 and 2016 was essentially flat for both years. In 2015, cash used in financing activities was \$36.4 million and related to our share repurchase program.

#### *Availability Under Our Credit Facilities*

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

The availability of funds under our credit facilities is limited by a specified borrowing base consisting of certain accounts receivable, inventory and qualified cash deposits which meet the lenders' eligibility criteria. As of December 31, 2017, our credit facilities had no amounts outstanding and approximately \$159.8 million of net availability after consideration of our outstanding letters of credit. Curtailments of production capacity decrease our borrowing base by reducing our accounts receivable and inventory balances. We may borrow and make repayments under our credit facilities in the ordinary course based on a number of factors, including the timing of payments from our customers and payments to our suppliers.

As of December 31, 2017, we had approximately \$38 million of letters of credit outstanding under our U.S. revolving credit facility with 55% related to our domestic power commitments and the remainder securing certain debt and workers' compensation commitments.

Our credit facilities contain customary covenants, including restrictions on mergers and acquisitions, indebtedness, affiliate transactions, liens, dividends and distributions, dispositions of collateral, investments and prepayments of indebtedness, including, in the U.S., a springing financial covenant that requires us to maintain a fixed charge coverage ratio of at least 1.1 to 1.0 any time availability under the U.S. revolving credit facility is less than or equal to \$15.0 million. Our Icelandic credit facility also contains a covenant that requires Grundartangi to maintain a minimum equity ratio. As of December 31, 2017, we were in compliance with all such covenants.

#### *Senior Secured Notes*

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

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

#### *Contingent Commitments*

We have a contingent obligation in connection with the "unwind" of a contractual arrangement between CAKY, Big Rivers and a third party and the execution of a long-term cost-based power contract with Kenergy, a member of a cooperative of Big Rivers, in July 2009. This contingent obligation consists of the aggregate payments made to Big Rivers by the third party on CAKY's behalf in excess of the agreed upon base amount under the long-term cost-based power contract with Kenergy. As of December 31, 2017, the principal and accrued interest for the contingent obligation was \$22.4 million, which was fully offset by a derivative asset. We may be required to make installment payments for the contingent obligation in the future. These payments are contingent based on the LME price of primary aluminum and the level of Hawesville's operations. Based on the

LME forward market at December 31, 2017 and management's estimate of the LME forward market beyond the quoted market period, we have assessed that we will not be required to make payments on the contingent obligation during the term of the agreement through 2028. There can be no assurance that circumstances will not change thus accelerating the timing of such payments.

#### *Employee Benefit Plan Contributions*

In 2013, we entered into a settlement agreement with the PBGC regarding an alleged "cessation of operations" at our Ravenswood facility as a result of the 2009 curtailment of operations at the facility. Pursuant to the terms of the agreement, we will make additional contributions (above any minimum required contributions) to our defined benefit pension plans over the term of the agreement. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we are able to defer one or more of these payments, but would then be required to provide the PBGC with acceptable security for deferred payments. We made contributions pursuant to this agreement of \$1.1 million in March 2015 and \$6.7 million in 2013. We did not make any contributions in 2014, 2016 or 2017. We have elected to defer other payments under the PBGC agreement and have provided the PBGC with the appropriate security. The remaining contributions under this agreement are approximately \$9.6 million.

#### *Other Items*

In 2011, our Board of Directors approved a \$60 million common stock repurchase program and subsequently increased this program by \$70 million in the first quarter of 2015. Under the program, Century is authorized to repurchase up to \$130 million of our outstanding shares of common stock, from time to time, on the open market at prevailing market prices, in block trades or otherwise. The timing and amount of any shares repurchased will be determined by our management based on its evaluation of market conditions, the trading price of our common stock and other factors. Through December 31, 2017, we have expended approximately \$86.3 million under the program. As of February 28, 2017, we had \$43.7 million remaining under the repurchase program authorization. The repurchase program may be expanded, suspended or discontinued by our Board, in its sole discretion, at any time.

In November 2009, Century Aluminum of West Virginia ("CAWV") filed a class action complaint for declaratory judgment against the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW"), the USW's local and certain CAWV retirees, individually and as class representatives ("CAWV Retirees"), seeking a declaration of CAWV's rights to modify/terminate retiree medical benefits. Later in November 2009, the USW and representatives of a retiree class filed a separate suit against CAWV, Century Aluminum Company, Century Aluminum Master Welfare Benefit Plan, and various John Does with respect to the foregoing. On August 18, 2017, the District Court for the Southern District of West Virginia approved a settlement agreement in respect of these actions. Under the terms of the settlement agreement, CAWV agreed to make payments into a trust for the benefit of the CAWV Retirees in the aggregate amount of \$23 million over the course of 10 years. Upon approval of the settlement, we paid \$5 million to the aforementioned trust in September 2017 and recognized a gain of \$5.5 million to arrive at the then net present value of the \$12.5 million. As of December 31, 2017, we recorded \$12.9 million in accrued and other current liabilities as well as other liabilities. CAWV has agreed to pay the remaining amounts under the settlement agreement in annual increments of \$2 million for nine years. We utilized and expect to continue utilizing cash flows from operations to fund the payments associated with this settlement. See Note 14. Commitments and contingencies to the consolidated financial statements included herein for additional information.

We are also a defendant in several other actions relating to various aspects of our business. While it is impossible to predict the ultimate disposition of any litigation, we do not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity. See Note 14. Commitments and contingencies to the consolidated financial statements included herein for additional information.

#### *Capital Resources*

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

Capital expenditures for the year ended December 31, 2017 were \$31.8 million. We estimate our total capital spending in 2018 will be approximately \$30.0 million, primarily related to our ongoing maintenance and investment projects at our smelters.

### **Critical Accounting Estimates**

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

#### ***Inventories***

Our inventories are stated at lower of cost or net realizable value.

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

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

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

#### ***Pension and Other Postretirement Benefit Liabilities***

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

#### ***Discount Rate Selection***

We select a discount rate for purposes of measuring obligations under defined benefit plans by matching cash flows separately for each plan to the yields on high-quality zero coupon bonds. We use the Ryan Above Median Yield Curve (the "Ryan Curve"). We believe the projected cash flows used to determine the Ryan Curve rate provide a good approximation of the timing and amounts of our defined benefit payments under our plans and no adjustment to the Ryan Curve rate has been made.

#### **Weighted Average Discount Rate Assumption for:**

	<u>2017</u>	<u>2016</u>
Pension plans	3.69%	4.19%
OPEB plans	3.66%	4.20%



A change of a half percentage point in the discount rate for our defined benefit plans would have the following effects on our obligations under these plans as of December 31, 2017:

<b>Effect of changes in the discount rates on the Projected Benefit Obligations for:</b>	<b>50 basis point increase</b>	<b>50 basis point decrease</b>
	(dollars in millions)	
Pension plans	\$ (8.3)	\$ 6.1
OPEB plans	(6.2)	6.6

#### *Medical Trend Rate*

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

Medical cost inflation is initially estimated to be 7.0% and 7.75% for pre and post-65 participants, respectively, declining to 4.5% over thirteen years and thereafter. A one-percentage-point change in the assumed health care cost trend rate would have had the following effects in 2017:

	<b>1% Increase</b>	<b>1% Decrease</b>
	(dollars in millions)	
Effect on total of service and interest cost components	\$ 0.8	\$ (0.7)
Effect on accumulated postretirement benefit obligation	12.5	(10.6)

#### *Long-term Rate of Return on Plan Assets Assumption*

Our expected long-term rate of return on plan assets is derived from our asset allocation strategies and anticipated future long-term performance of individual asset classes. Our analysis gives consideration to recent plan performance and historical returns; however, the assumptions are primarily based on long-term, prospective rates of return. The weighted average long-term rate of return on plan assets for our defined benefit pension plans is 6.82% for 2017.

Based on information provided by independent actuaries and other relevant sources, the Company believes that the assumptions used to estimate expenses, assets and liabilities of pensions and other postretirement benefits are reasonable; however, changes in these assumptions could impact the Company's financial position, results of operations or cash flows.

#### *Deferred Income Tax Assets*

We regularly assess the likelihood that deferred tax assets will be recovered from future taxable income. To the extent we believe that it is more likely than not that a deferred tax asset will not be realized, a valuation allowance is established. The amount of a valuation allowance is based upon our best estimate of our ability to realize the net deferred tax assets. We have a valuation allowance of \$608 million recorded for all of our U.S. deferred tax assets and a portion of our Icelandic deferred tax assets as of December 31, 2017.

#### *Property, Plant and Equipment Impairment*

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

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

### Other Contingencies

We are a defendant in several actions relating to various aspects of our business. While it is impossible to predict the ultimate disposition of any litigation, we do not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity. See Note 14. Commitments and contingencies to the consolidated financial statements included herein for additional information.

### Recently Issued Accounting Standards Updates

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

### Contractual Obligations

In the normal course of business, we have entered into various contractual obligations that will be settled in cash. These obligations consist primarily of long-term debt obligations and purchase obligations. The expected future cash flows required to meet these obligations through the year 2027 are shown in the table below. More information is available about these contractual obligations in the notes to the consolidated financial statements included herein.

(dollars in millions)	Payments Due by Period						
	Total	2018	2019	2020	2021	2022	Thereafter
Long-term debt <sup>(1)</sup>	\$ 258	\$ —	\$ —	\$ —	\$ 250	\$ —	\$ 8
Estimated interest payments <sup>(2)</sup>	66	19	19	19	8	—	1
Operating lease obligations <sup>(3)</sup>	19	2	2	2	2	2	9
Purchase obligations <sup>(4)</sup>	2,778	875	595	403	404	114	387
Other long-term liabilities <sup>(5)</sup>	32	2	13	7	6	3	1
Total	<u>\$ 3,153</u>	<u>\$ 898</u>	<u>\$ 629</u>	<u>\$ 431</u>	<u>\$ 670</u>	<u>\$ 119</u>	<u>\$ 406</u>

- <sup>(1)</sup> Long-term debt includes principal repayments on our 2021 Notes and the IRBs. Payments are based on the assumption that all outstanding debt instruments will remain outstanding until their respective due dates. Based on the LME forward market prices for primary aluminum at December 31, 2017 and management's estimate of the LME forward market for periods beyond the quoted periods, we have assessed that we will not have any payment obligations for the contingent obligation through the term of the agreement, which expires in 2028. See "Liquidity and Capital Resources - Contingent Commitments".
- <sup>(2)</sup> Estimated interest payments on our long-term debt assume that all outstanding debt instruments will remain outstanding until their respective due dates. Our estimated future interest payments for any debt with a variable rate are based on the assumption that the December 31, 2017 rate for that debt continues until the respective due date. We assume that no interest payments on the contingent obligation will be paid through the term of agreement, see above.
- <sup>(3)</sup> Operating leases include long-term leases for land, productive facilities and office space.
- <sup>(4)</sup> Purchase obligations include long-term alumina and power contracts, excluding market-based power and raw material requirements contracts. For contracts with LME-based pricing provisions, including our long-term Icelandic power contracts, we assumed a LME price using the LME forward curve as of December 31, 2017.
- <sup>(5)</sup> Other long-term liabilities include asset retirement obligations. Asset retirement obligations are primarily estimated disposal costs for spent potliner used in the reduction cells of our domestic smelters.

### Material Commitments

We also have outstanding commitments related to pension, SERB, OPEB and workers compensation obligations. As of December 31, 2017, estimated future payments related to these obligations through the year 2027 amount to approximately \$206 million, \$17 million, \$76 million and \$10 million, respectively.

## **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

### **Commodity Price Sensitivity**

We are exposed to price risk for primary aluminum. From time to time, we may manage our exposure to fluctuations in the price of primary aluminum through financial instruments designed to protect our downside price risk exposure. As of December 31, 2017, we had open LME forward financial sales contracts to fix the forward LME price of approximately 3,960 tonnes of primary aluminum which contracts settle monthly, on a ratable basis, from November 2019 through December 31, 2020. With respect to these LME forward contracts, we were in a liability position at December 31, 2017 with a fair value of approximately \$0.8 million.

From time to time, we also enter into financial contracts to offset fixed price sales arrangements with certain of our customers. As of December 31, 2017, we had open positions related to such arrangements of 8,964 tonnes of primary aluminum which settle on various dates up to and including December 2018. These financial contracts have equal and offsetting asset and liability positions, resulting in a net zero fair value.

We are also exposed to price risk for alumina which is a large component of our cost of goods sold. We may from time to time manage our exposure to fluctuations in our alumina costs by purchasing certain of our alumina requirements under supply contracts with prices tied to the same indices as our aluminum sales contracts (the LME price of primary aluminum). Currently, all of our alumina contracts are priced based on a published alumina index.

Our risk management activities do not include any trading or speculative transactions.

### **Market-Based Power Price Sensitivity**

#### ***Market-Based Electrical Power Agreements***

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

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

#### ***Electrical Power Price Sensitivity***

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

From time to time, we may manage our exposure to fluctuations in the market price of power through financial instruments designed to protect our downside risk exposure. During 2017, we entered into financial contracts to fix the forward price of approximately 4% of Grundartangi's total power requirements for the period November 1, 2019 through December 31, 2020 (the "power price swaps"). As of December 31, 2017, we had an open asset position of 256,200 MWh related to the power price swaps of \$1.3 million.

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

**Electrical power price sensitivity by location:**

	<u>Hawesville</u>	<u>Sebree</u>	<u>Mt. Holly</u>	<u>Grundartangi</u>	<u>Total</u>
Expected average load (in megawatts ("MW"))	482	385	400	537	1,804
Annual expected electrical power usage (in megawatt hours ("MWh"))	4,222,320	3,372,600	3,504,000	4,701,200	15,800,120
Annual cost impact of an increase or decrease of \$1 per MWh (in thousands)	\$ 4,200	\$ 3,400	\$ 3,500	\$ 4,700	\$ 15,800

As of December 31, 2017, the operations at Hawesville and Mt. Holly are running at approximately 40% and 50% of full capacity, respectively.

**Foreign Currency**

We are exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the Iceland krona ("ISK"), the euro, the Chinese renminbi and other currencies. Grundartangi's labor costs, part of its maintenance costs and other local services are denominated in ISK and a portion of its anode costs are denominated in euros and Chinese renminbi. We have deposits denominated in ISK in Icelandic banks; in addition, our estimated payments of Icelandic income taxes and any associated refunds are denominated in ISK. Further, Vlissingen's labor costs, maintenance costs and other local services 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.

We may manage our exposure by entering into foreign currency forward contracts or option contracts for forecasted transactions and projected cash flows for foreign currencies in future periods. As of December 31, 2017, we had no foreign currency forward contracts outstanding.

**Natural Economic Hedges**

Any analysis of our exposure to the commodity price of aluminum should consider the impact of natural hedges provided by certain contracts that contain pricing indexed to the LME price for primary aluminum. In 2017, a substantial portion of Grundartangi's electrical power requirements were indexed to the LME price for primary aluminum and provide a natural hedge for a portion of our production.

**Risk Management**

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

## Item 8. Financial Statements and Supplementary Data

### INDEX TO FINANCIAL STATEMENTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Century Aluminum Company

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Century Aluminum Company and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2018, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP  
Chicago, Illinois  
February 28, 2018

We have served as the Company's auditor since 1992.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Century Aluminum Company

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Century Aluminum Company and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Company and our report dated February 28, 2018, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management report on Internal Control over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

### Definition and Limitations of Internal Control over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP  
Chicago, Illinois  
February 28, 2018

**CENTURY ALUMINUM COMPANY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)

	<b>Year Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
NET SALES:			
Related parties	\$ 1,198,076	\$ 1,178,631	\$ 1,867,711
Other customers	391,004	140,463	82,146
Total net sales	1,589,080	1,319,094	1,949,857
Cost of goods sold	1,460,475	1,330,136	1,908,544
Gross profit (loss)	128,605	(11,042)	41,313
Selling, general and administrative expenses	45,446	40,264	42,115
Helguvik (gains) losses	(7,310)	152,220	—
Ravenswood (gains) losses	(5,500)	26,830	30,850
Other operating expense - net	2,111	3,857	7,436
Operating income (loss)	93,858	(234,213)	(39,088)
Interest expense	(22,174)	(22,216)	(21,954)
Interest income	1,397	758	339
Net (loss) gain on forward and derivative contracts	(16,549)	3,487	1,600
Unrealized gain on fair value of contingent consideration	—	—	18,337
Other (expense) income - net	(1,161)	1,319	(356)
Income (loss) before income taxes and equity in earnings of joint ventures	55,371	(250,865)	(41,122)
Income tax expense	(7,583)	(2,824)	(9,276)
Income (loss) before equity in earnings of joint ventures	47,788	(253,689)	(50,398)
BHH impairment	—	—	(11,584)
Equity in earnings of joint ventures	792	1,274	2,672
Net income (loss)	<u>\$ 48,580</u>	<u>\$ (252,415)</u>	<u>\$ (59,310)</u>
INCOME (LOSS) PER COMMON SHARE:			
Basic	\$ 0.51	\$ (2.90)	\$ (0.68)
Diluted	\$ 0.51	\$ (2.90)	\$ (0.68)

**See notes to consolidated financial statements.**



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

	<b>Year Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Comprehensive income (loss):			
Net income (loss)	\$ 48,580	\$ (252,415)	\$ (59,310)
Other comprehensive income (loss) before income tax effect:			
Foreign currency cash flow hedges reclassified to net income (loss)	(186)	4,295	(186)
Defined benefit plans and other postretirement benefits:			
Net gain (loss) arising during the period	(7,192)	(9,522)	5,553
Prior service benefit arising during the period	27,396	—	1,758
Amortization of prior service benefit during the period	(4,950)	(2,675)	(8,351)
Amortization of net loss during the period	8,610	8,190	7,794
Other comprehensive income (loss) before income tax effect	23,678	288	6,568
Income tax effect	(1,527)	(1,531)	(1,536)
Other comprehensive income (loss)	22,151	(1,243)	5,032
Total comprehensive income (loss)	<u>\$ 70,731</u>	<u>\$ (253,658)</u>	<u>\$ (54,278)</u>

**See notes to consolidated financial statements.**

**CENTURY ALUMINUM COMPANY**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 167,211	\$ 132,403
Restricted cash	848	1,050
Accounts receivable - net	43,071	12,432
Due from affiliates	10,366	16,651
Inventories	317,469	233,563
Prepaid and other current assets	14,709	22,210
Assets held for sale	—	22,313
Total current assets	553,674	440,622
Property, plant and equipment - net	971,916	1,026,285
Other assets	56,051	73,420
TOTAL	\$ 1,581,641	\$ 1,540,327
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Accounts payable, trade	\$ 89,931	\$ 94,960
Due to affiliates	20,369	15,368
Accrued and other current liabilities	61,398	50,100
Accrued employee benefits costs	11,004	10,917
Industrial revenue bonds	7,815	7,815
Total current liabilities	190,517	179,160
Senior notes payable	248,153	247,699
Accrued pension benefits costs - less current portion	38,929	49,493
Accrued postretirement benefits costs - less current portion	112,996	126,355
Other liabilities	57,927	72,026
Deferred taxes	103,476	108,939
Total noncurrent liabilities	561,481	604,512
<b>COMMITMENTS AND CONTINGENCIES (NOTE 14)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock (Note 6)	1	1
Common stock (Note 6)	947	944
Additional paid-in capital	2,517,385	2,515,131
Treasury stock, at cost	(86,276)	(86,276)
Accumulated other comprehensive loss	(91,742)	(113,893)
Accumulated deficit	(1,510,672)	(1,559,252)
Total shareholders' equity	829,643	756,655
TOTAL	\$ 1,581,641	\$ 1,540,327

**See notes to consolidated financial statements.**

**CENTURY ALUMINUM COMPANY**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

(in thousands)

	<u>Preferred stock</u>	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Treasury stock, at cost</u>	<u>Accumulated other comprehensive loss</u>	<u>Accumulated deficit</u>	<u>Total shareholders' equity</u>
Balance, December 31, 2014	\$ 1	\$ 939	\$ 2,510,261	\$ (49,924)	\$ (117,682)	\$ (1,247,527)	\$ 1,096,068
Net loss – 2015	—	—	—	—	—	(59,310)	(59,310)
Other comprehensive income	—	—	—	—	5,032	—	5,032
Repurchase of common stock	—	—	—	(36,352)	—	—	(36,352)
Share-based compensation expense	—	1	3,372	—	—	—	3,373
Conversion of preferred stock to common stock	—	2	(2)	—	—	—	—
Balance, December 31, 2015	\$ 1	\$ 942	\$ 2,513,631	\$ (86,276)	\$ (112,650)	\$ (1,306,837)	\$ 1,008,811
Net loss – 2016	—	—	—	—	—	(252,415)	(252,415)
Other comprehensive loss	—	—	—	—	(1,243)	—	(1,243)
Share-based compensation expense	—	—	1,502	—	—	—	1,502
Conversion of preferred stock to common stock	—	2	(2)	—	—	—	—
Balance, December 31, 2016	\$ 1	\$ 944	\$ 2,515,131	\$ (86,276)	\$ (113,893)	\$ (1,559,252)	\$ 756,655
Net income – 2017	—	—	—	—	—	48,580	48,580
Other comprehensive income	—	—	—	—	22,151	—	22,151
Share-based compensation expense	—	2	2,255	—	—	—	2,257
Conversion of preferred stock to common stock	—	1	(1)	—	—	—	—
Balance, December 31, 2017	\$ 1	\$ 947	\$ 2,517,385	\$ (86,276)	\$ (91,742)	\$ (1,510,672)	\$ 829,643

**See notes to consolidated financial statements.**

**CENTURY ALUMINUM COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

	<b>Year Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss)	\$ 48,580	\$ (252,415)	\$ (59,310)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Unrealized gain on fair value of contingent consideration	—	—	(18,337)
Unrealized gain on contingent obligation	(1,411)	(1,411)	(1,411)
Lower of cost or NRV inventory adjustment	(1,073)	(660)	7,539
Depreciation and amortization	84,249	84,780	80,117
Helguvik (gains) losses	(7,310)	152,220	—
Ravenswood (gains) losses	(5,500)	3,830	30,850
BHH impairment	—	—	11,584
Pension and other postretirement benefits	(1,772)	2,863	(4,991)
Deferred income taxes	(4,610)	(893)	(178)
Stock-based compensation	1,851	1,502	1,844
Change in operating assets and liabilities:			
Accounts receivable - net	(30,639)	(2,957)	68,192
Due from affiliates	6,285	766	14,086
Inventories	(67,534)	919	44,896
Prepaid and other current assets	7,796	18,313	(144)
Accounts payable, trade	4,746	2,271	(60,583)
Due to affiliates	4,833	7,212	(12,216)
Accrued and other current liabilities	14,478	(3,900)	(31,540)
Pension contribution - Mt. Holly	—	—	(34,595)
Ravenswood retiree legal settlement	(5,000)	23,000	—
Other - net	3,790	2,733	(3,937)
Net cash provided by operating activities	<u>51,759</u>	<u>38,173</u>	<u>31,866</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment	(31,839)	(21,944)	(54,700)
Purchase of remaining interest in Mt. Holly smelter	—	—	11,313
Proceeds from sale of property, plant and equipment	14,484	1,040	14
Restricted and other cash deposits	—	(259)	10
Net cash used in investing activities	<u>(17,355)</u>	<u>(21,163)</u>	<u>(43,363)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Borrowings under revolving credit facilities	1,281	1,179	1,737
Repayments under revolving credit facilities	(1,281)	(1,179)	(1,737)
Issuance of common stock	404	—	—
Repurchase of common stock	—	—	(36,352)
Net cash provided by (used in) financing activities	<u>404</u>	<u>—</u>	<u>(36,352)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>34,808</u>	<u>17,010</u>	<u>(47,849)</u>
Cash and cash equivalents, beginning of year	132,403	115,393	163,242
Cash and cash equivalents, end of year	<u>\$ 167,211</u>	<u>\$ 132,403</u>	<u>\$ 115,393</u>

See notes to consolidated financial statements.

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

**1. Summary of significant accounting policies**

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

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

As of December 31, 2017, Glencore owns 42.9% of Century's outstanding common stock (47.4% on a fully-diluted basis assuming the conversion of all of the Series A Convertible Preferred Stock) and all of our outstanding Series A Convertible Preferred stock. See Note 6. Shareholders' equity for a full description of our outstanding Series A Convertible Preferred stock. From time to time Century and Glencore enter into various transactions for the purchase and sale of primary aluminum, purchase and sale of alumina, tolling agreements and certain forward financial contracts. See Note 2. Related party transactions.

*Basis of Presentation* — The consolidated financial statements include the accounts of Century Aluminum Company and our subsidiaries, after elimination of all intercompany transactions and accounts. Our interest in the BHH joint venture is accounted for under the equity method on a one-quarter lag.

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Revenue recognition* — In connection with our sales agreement with Glencore, we invoice Glencore prior to physical shipment of goods for substantially all production generated from each of our U.S. domestic smelters. For those sales, revenue is recognized only when Glencore has specifically requested such treatment and has made a commitment to purchase the product. The goods must be complete, ready for shipment and separated from other inventory with title and risk of ownership passing to Glencore. We must retain no performance obligations. For all other shipments, including sales to Glencore from our smelter in Iceland and our tolling agreement with Glencore (which expired in 2016), revenue is recognized when title and risk of loss pass to the customer which is upon shipment.

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

*Accounts Receivable and Due from Affiliates* — These amounts are net of an allowance for uncollectible accounts and credit memos of \$1,000 at December 31, 2017 and 2016.

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

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

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

Building and improvements	10 to 45 years
Machinery and equipment	5 to 35 years
Technology and software	3 to 7 years

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

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

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

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

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

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

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

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

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

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

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

*Earnings per share* — Basic earnings (loss) per share ("EPS") amounts are calculated by dividing earnings (loss) available to common stockholders by the weighted average number of common shares outstanding. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive common shares outstanding. Because our capital structure consists of common stock and participating convertible preferred stock, we use the two-class method to calculate basic EPS, and incorporate the use of such method to determine diluted EPS.

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

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

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

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

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

*Recently Issued Accounting Standards*

ASU 2014-09 "Revenue From Contracts with Customers (Topic 606)" by the FASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The ASU is effective for Century beginning January 1, 2018.

To date, we have reviewed our revenue contracts with customers that will become effective beginning January 1, 2018, including newly executed, drafts, and amendments to existing arrangements. Based on assessment completed to date, other than the additional disclosure requirements, we do not expect the adoption of ASU 2014-09 to significantly change our business processes, controls and systems, or change the timing or amount of revenue recognized. We continue to monitor modifications, clarifications or interpretations undertaken by the FASB and the Securities and Exchange Commission and changes in our business and new arrangements, which may impact our current conclusions. We will adopt the standard on a modified retrospective basis.

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

We continue to gather and assess our contracts for the effects of adopting the provisions of ASU No. 2016-02. We expect most existing operating lease commitments will be recognized as operating lease liabilities and right-of-use assets upon

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

adoption. We are unable to estimate the impact, if any, of adopting this standard for our other-than-operating lease commitments. However, we do not anticipate such adoption to impact our cash flows. We expect to adopt this standard on a modified retrospective basis.

## **2. Related party transactions**

The significant related party transactions occurring during the years ended December 31, 2017, 2016 and 2015 are described below. We believe all of our transactions with Glencore and BHH were at prices that approximate market.

### ***Glencore ownership***

As of December 31, 2017, Glencore plc and its affiliates (together "Glencore") beneficially owned 42.9% of Century's outstanding common stock (47.4% on a fully-diluted basis assuming the conversion of all of the Series A Convertible Preferred Stock) and all of our outstanding Series A Convertible Preferred stock. See Note 6. Shareholders' equity for a full description of our outstanding Series A Convertible Preferred stock. From time to time Century and Glencore enter into various transactions for the purchase and sale of primary aluminum, purchase and sale of alumina, tolling agreements and certain forward financial contracts.

### ***Sales to Glencore***

For the year ended December 31, 2017, we derived approximately 75% of our consolidated sales from Glencore. Glencore purchases the aluminum we produce for resale.

Glencore purchased substantially all of the aluminum produced at our North American smelters in 2015 and 2016 and purchased certain aluminum products produced at our North American smelters in 2017. Glencore purchased substantially all of the primary aluminum produced at Grundartangi in 2015, 2016 and 2017. We have entered into agreements with Glencore pursuant to which Glencore has agreed to purchase aluminum produced from our U.S. and Icelandic operations through 2018 and 2019, respectively. Glencore purchases aluminum produced at our North American smelters at prices based on the LME plus the Midwest regional delivery premium and any additional negotiated product premiums. Glencore purchases aluminum produced at our Grundartangi, Iceland smelter at prices based on the LME plus the European Duty Paid premium and any applicable product premiums.

We received tolling fees from Glencore under a tolling agreement that provided for delivery of primary aluminum produced at Grundartangi through June 2016. The fee paid by Glencore under this tolling agreement was based on the LME price for primary aluminum plus a portion of the European Duty Paid premium.

### ***Purchases from Glencore***

We purchase a portion of our alumina requirements from Glencore under a long-term supply agreement and on a spot basis at prices based on a published alumina index.

### ***Financial contracts with Glencore***

During 2017, we entered into certain financial contracts with Glencore. See Note 19. Derivatives regarding these forward financial sales contracts.

### ***Transactions with BHH***

We own a 40% stake in BHH and had an agreement to purchase carbon anodes from them for use in our manufacturing operations through 2017. In the fourth quarter of 2015, we completed the construction of a second furnace at our carbon anode facility in Vlissingen, Netherlands. This investment increased our capacity to produce carbon anodes and reduced our need to source carbon anodes from BHH. As a result, in the fourth quarter of 2015, we made the decision to pursue an exit from our investment in BHH. In connection with our exit plan, we concluded that our investment in BHH was other than temporarily impaired and recorded a charge of \$11,584. Fair value for the investment was based on a proposed sale transaction for a portion of the investment.



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

**Summary**

A summary of the aforementioned significant related party transactions for the years ended December 31, 2017, 2016 and 2015 is as follows:

	<b>Year Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net sales to Glencore	\$ 1,198,076	\$ 1,178,631	\$ 1,867,711
Purchases from Glencore	253,044	231,850	393,158
Purchases from BHH	15,763	10,127	46,592

**3. Helguvik and Ravenswood gains and losses**

*Helguvik*

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

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

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

During 2017, we extinguished a portion of our contractual commitments associated with the construction of the Helguvik project. Such extinguishment resulted in a gain of \$7,310 recognized in Helguvik (gains) losses in the consolidated statements of operations.

*Ravenswood*

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

In June 2015, we recorded an impairment charge of \$30,850 to write down the asset values related to Ravenswood. Based on an asset purchase agreement for the sale of assets entered into in 2016, we recorded an additional impairment charge of \$3,830, included in Ravenswood (gains)/losses in the consolidated statements of operations for the year ended December 31, 2016. In January 2017, we completed our sale of the Ravenswood facility and assets for \$13,585 in net proceeds from the buyer.

**4. Fair value measurements**

We measure certain of our assets and liabilities at fair value. Fair value represents 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.

In general, reporting entities should apply valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs are developed using market data and reflect assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

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

The fair value hierarchy provides transparency regarding the inputs we use to measure fair value. We categorize each fair value measurement in its entirety into the following three levels, based on the lowest level input that is significant to the entire measurement:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

<b>Recurring Fair Value Measurements</b>	<b>As of December 31, 2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>ASSETS:</b>				
Cash equivalents	\$ 142,819	\$ —	\$ —	\$ 142,819
Trust assets <sup>(1)</sup>	1,757	—	—	1,757
Surety bonds	1,618	—	—	1,618
Derivative instruments	—	—	1,724	1,724
<b>TOTAL</b>	<b>\$ 146,194</b>	<b>\$ —</b>	<b>\$ 1,724</b>	<b>\$ 147,918</b>
<b>LIABILITIES:</b>				
Contingent obligation – net <sup>(2)</sup>	\$ —	\$ —	\$ —	\$ —
Derivative instruments	—	—	1,200	1,200
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,200</b>	<b>\$ 1,200</b>

<b>Recurring Fair Value Measurements</b>	<b>As of December 31, 2016</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>ASSETS:</b>				
Cash equivalents	\$ 79,014	\$ —	\$ —	\$ 79,014
Trust assets <sup>(1)</sup>	3,147	—	—	3,147
Surety bonds	1,874	—	—	1,874
Derivative instruments	—	—	925	925
<b>TOTAL</b>	<b>\$ 84,035</b>	<b>\$ —</b>	<b>\$ 925</b>	<b>\$ 84,960</b>
<b>LIABILITIES:</b>				
Contingent obligation – net <sup>(2)</sup>	\$ —	\$ —	\$ —	\$ —
Derivative instruments	—	—	253	253
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 253</b>	<b>\$ 253</b>

<sup>(1)</sup> Trust assets are currently invested in money market funds. These trust assets are held to fund the non-qualified supplemental executive pension benefit obligations for certain of our officers.

<sup>(2)</sup> See Note 5 Debt for additional information about the contingent obligation.

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

The following section describes the valuation techniques and inputs used for fair value measurements categorized within Level 2 or Level 3 of the fair value hierarchy:

**Level 2 and Level 3 Fair Value Measurements:**

Asset / Liability	Level	Valuation Techniques	Inputs
Fixed for floating swaps	3	Discounted cash flows	Quoted LME forward market, management's estimates of future U.S. Midwest premium
Power price swap	3	Discounted cash flows	Quoted Nordpool forward market, discount rate
Contingent obligation	3	Discounted cash flows	Quoted LME forward market, management's estimates of the LME forward market prices for periods beyond the quoted periods, management's estimate of future level of operations and discount rate

There were no transfers between Level 1 and 2 during the periods presented. There were no transfers into or out of Level 3 during the periods presented. It is our policy to recognize transfers into and transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfer.

**5. Debt**

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Debt classified as current liabilities:		
Hancock County industrial revenue bonds ("IRBs") due 2028, interest payable quarterly (variable interest rates (not to exceed 12%)) <sup>(1)</sup>	\$ 7,815	\$ 7,815
Debt classified as non-current liabilities:		
7.5% senior secured notes due June 1, 2021, net of debt discount of \$1,847 and \$2,301, respectively, interest payable semiannually	248,153	247,699
Total	<u>\$ 255,968</u>	<u>\$ 255,514</u>

<sup>(1)</sup> The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The IRB interest rate at December 31, 2017 was 1.91%.

**U.S. Revolving Credit Facility**

*General.* We and certain of our direct and indirect domestic subsidiaries (together with Century, the "Borrowers") and Wells Fargo Capital Finance, LLC, as lender and agent, and Credit Suisse AG and BNP Paribas, as lenders, are parties to the Amended and Restated Loan and Security Agreement, dated May 24, 2013 (as amended from time to time, the "U.S. revolving credit facility"). The U.S. revolving credit facility has a term through June 26, 2020 and provides for borrowings of up to \$150,000 in the aggregate, including up to \$110,000 under a letter of credit sub-facility. Any letters of credit issued and outstanding under the U.S. revolving credit facility reduce our borrowing availability on a dollar-for-dollar basis. At December 31, 2017, there were no outstanding borrowings under our U.S. revolving credit facility. Principal payments, if any, are due upon maturity of the U.S. revolving credit facility in June 2020.

**Status of our U.S. revolving credit facility:**

	<u>December 31, 2017</u>
Credit facility maximum amount	\$ 150,000
Borrowing availability	147,706
Outstanding letters of credit issued	37,857
Outstanding borrowings	—
Borrowing availability, net of outstanding letters of credit and borrowings	\$ 109,849

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

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

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

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

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

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

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

**Iceland Revolving Credit Facility**

*General.* Our wholly-owned subsidiary, Nordural Grundartangi ehf ("Grundartangi"), has entered into a Committed Revolving Credit Facility agreement with Landsbankinn hf., dated November 27, 2013 as amended (the "Iceland revolving credit facility"). Under the terms of the Iceland revolving credit facility, when Grundartangi borrows funds it will designate a repayment date, which may be any date prior to the maturity of the Iceland revolving credit facility. The Iceland revolving credit facility has a term through November 27, 2020.

***Status of our Iceland revolving credit facility:***

	<b>December 31, 2017</b>
Credit facility maximum amount	\$ 50,000
Borrowing availability	50,000
Outstanding letters of credit issued	—
Outstanding borrowings	—
Borrowing availability, net of outstanding letters of credit and borrowings	\$ 50,000

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

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

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

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

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

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

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

**2021 Notes**

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

*Fair Value.* Fair value for our 7.5% Notes due 2021 was based on the latest trading data available and was \$258,328 and \$234,220, as of December 31, 2017 and 2016, respectively. Although we use quoted market prices for identical debt instruments, the markets on which they trade are not considered to be active and are therefore considered Level 2 fair value measurements.

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

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

- (i) all of our and the Guarantor Subsidiaries' property, plant and equipment;
- (ii) all equity interests in domestic subsidiaries directly owned by us and the Guarantor Subsidiaries and 65% of equity interests in foreign subsidiaries or foreign holding companies directly owned by us and the Guarantor Subsidiaries;
- (iii) intercompany notes owed by any non-guarantor to us or any Guarantor Subsidiary to us; and
- (iv) proceeds of the foregoing.

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

*Redemption Rights.* We may redeem the 2021 Notes, in whole or in part, during the twelve-month period beginning on June 1 of the years indicated below, at the following redemption prices plus accrued and unpaid interest:

<u>Year - Redemption rights</u>	<u>Percentage</u>
2018	101.875%
2019 and thereafter	100.000%

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

*Covenants.* The indenture governing the 2021 Notes contains customary covenants which may limit our ability, and the ability of certain of our subsidiaries, to: (i) incur additional debt; (ii) incur additional liens; (iii) pay dividends or make distributions in respect of capital stock; (iv) purchase or redeem capital stock; (v) make investments or certain other restricted

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payments; (vi) sell assets; (vii) issue or sell stock of certain subsidiaries; (viii) enter into transactions with shareholders or affiliates; and (ix) effect a consolidation or merger.

**Contingent obligation**

*General.* We have a contingent obligation in connection with the “unwind” of a contractual arrangement between CAKY, Big Rivers and a third party and the execution of a long-term cost-based power contract with Kenergy, a member of a cooperative of Big Rivers, in July 2009. This contingent obligation consists of the aggregate payments made to Big Rivers by the third party on CAKY’s behalf in excess of the agreed upon base amount under the long-term cost-based power contract with Kenergy. Our obligation to make repayments is contingent upon certain operating criteria for Hawesville and the LME price of primary aluminum. When the conditions for repayment are met, and for so long as those conditions continue to be met, we will be obligated to make principal and interest payments, in up to 72 monthly payments. Interest accrues at an annual rate equal to 10.94% and the term of the agreement is through December 31, 2028.

Based on the LME forward market prices for primary aluminum at December 31, 2017 and management's estimate of the LME forward market for periods beyond the quoted periods, we recognized a derivative asset which offsets our contingent obligation. As a result, our net liability decreased and we recorded gains of \$1,411 and \$1,411 in net gain (loss) on forward and derivative contracts for the years ended December 31, 2017 and 2016. These amounts are exactly offset by interest expense on the contingent obligation which is recorded in interest expense. In addition, we believe that we will not have any payment obligations for the contingent obligation through the term of the agreement, which expires in 2028. However, future increases in the LME forward market may result in a partial or full derecognition of the derivative asset and a corresponding recognition of a loss.

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

<b>Offsetting of financial instruments and derivatives</b>	<b>Balance sheet location</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Contingent obligation – principal	Other liabilities	\$ (12,902)	\$ (12,902)
Contingent obligation – accrued interest	Other liabilities	(9,524)	(8,113)
Contingent obligation – derivative asset	Other liabilities	22,426	21,015
		<u>\$ —</u>	<u>\$ —</u>

**Industrial Revenue Bonds**

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

**6. Shareholders' equity**

**Common Stock**

As of December 31, 2017 and 2016, we had 195,000,000 shares of common stock, \$0.01 cent par value, authorized under our Restated Certificate of Incorporation, of which 94,731,298 shares were issued and 87,544,777 shares were outstanding at December 31, 2017; 94,437,418 shares were issued and 87,250,897 shares were outstanding at December 31, 2016.

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

**Preferred Stock**

As of December 31, 2017 and 2016, we had 5,000,000 shares of preferred stock, \$0.01 cent par value per share, authorized under our Restated Certificate of Incorporation. Our Board of Directors may issue preferred stock in one or more series and determine for each series the dividend rights, conversion rights, voting rights, redemption rights, liquidation

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preferences, sinking fund terms and the number of shares constituting that series, as well as the designation thereof. Depending upon the terms of preferred stock established by our Board of Directors, any or all of the preferred stock could have preference over the common stock with respect to dividends and other distributions and upon the liquidation of Century. In addition, issuance of any shares of preferred stock with voting powers may dilute the voting power of the outstanding common stock.

***Series A Convertible Preferred Stock***

*Shares Authorized and Outstanding.* In 2008, we issued 160,000 shares of our Series A Convertible Preferred Stock. Glencore holds all of the issued and outstanding Series A Convertible Preferred Stock. At December 31, 2017 and December 31, 2016, 74,364 shares and 75,625 were outstanding, respectively.

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

The Common and Preferred Stock Activity table below contains additional information about preferred stock conversions during 2017, 2016 and 2015:

<b>Common and Preferred Stock Activity: (in shares)</b>	<b>Preferred stock</b>	<b>Common stock</b>	
	<b>Series A Convertible</b>	<b>Treasury</b>	<b>Outstanding</b>
Balance as of December 31, 2014	78,141	4,786,521	89,064,582
Repurchase of common stock	—	2,400,000	(2,400,000)
Conversion of convertible preferred stock	(1,602)	—	160,162
Issuance for share-based compensation plans	—	—	213,306
Beginning balance as of December 31, 2015	76,539	7,186,521	87,038,050
Repurchase of common stock	—	—	—
Conversion of convertible preferred stock	(914)	—	91,362
Issuance for share-based compensation plans	—	—	121,485
Beginning balance as of December 31, 2016	75,625	7,186,521	87,250,897
Repurchase of common stock	—	—	—
Conversion of convertible preferred stock	(1,261)	—	126,098
Issuance for share-based compensation plans	—	—	167,782
Ending balance as of December 31, 2017	74,364	7,186,521	87,544,777

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

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

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

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

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

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

- If we sell or issue shares of common stock or any other stock that votes generally with our common stock, or the occurrence of any other event, including a sale, transfer or other disposition of common stock by Glencore, as a result of which the percentage of voting stock held by Glencore decreases, an amount of Series A Convertible Preferred Stock will convert to common stock to restore Glencore to its previous ownership percentage;
- If shares of Series A Convertible Preferred Stock are transferred to an entity that is not an affiliate of Glencore, such shares of Series A Convertible Preferred Stock will convert to shares of our common stock, provided that such transfers may only be made pursuant to an effective registration statement;
- Upon a sale of Series A Convertible Preferred Stock by Glencore in a Rule 144 transaction in which the shares of Series A Convertible Preferred Stock and our common stock issuable upon the conversion thereof are not directed to any purchaser, such shares of Series A Convertible Preferred Stock sold will convert to shares of our common stock; and
- Immediately prior to and conditioned upon the consummation of a merger, reorganization or consolidation to which we are a party or a sale, abandonment, transfer, lease, license, mortgage, exchange or other disposition of all or substantially all of our property or assets, in one or a series of transactions where, in any such case, all of our common stock would be converted into the right to receive, or exchanged for, cash and/or securities, other than any transaction in which the Series A Convertible Preferred Stock will be redeemed.

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

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

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

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

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



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

***Stock Repurchase Program***

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

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

Through December 31, 2017, we repurchased 7,186,521 shares of common stock for an aggregate purchase price of \$86,276. We have made no repurchases since April 2015 and have approximately \$43,724 remaining under the repurchase program authorization as of December 31, 2017.

**7. Inventories**

Inventories, at December 31, consist of the following:

	<u>2017</u>	<u>2016</u>
Raw materials	\$ 106,210	\$ 59,415
Work-in-process	49,584	35,539
Finished goods	40,852	26,613
Operating and other supplies	120,823	111,996
Inventories	<u>\$ 317,469</u>	<u>\$ 233,563</u>

**8. Property, plant and equipment**

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

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 41,823	\$ 42,654
Buildings and improvements	331,735	330,254
Machinery and equipment	1,398,687	1,374,551
Construction in progress	22,517	21,106
	<u>1,794,762</u>	<u>1,768,565</u>
Less accumulated depreciation	(822,846)	(742,280)
Property, plant and equipment - net	<u>\$ 971,916</u>	<u>\$ 1,026,285</u>

For the years ended December 31, 2017, 2016 and 2015, we recorded depreciation and amortization expense of \$84,249, \$84,780 and \$80,117, respectively. See Note 3. Helguvik and Ravenswood gains and losses regarding impairment of our Helguvik project.

**CENTURY ALUMINUM COMPANY**  
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**9. Accumulated Other Comprehensive Loss ("AOCL")**

<i>Components of AOCL</i>	<u>2017</u>	<u>2016</u>
Defined benefit plan liabilities	\$ (102,053)	\$ (125,917)
Gain (loss) on financial instruments	2,673	2,860
Other comprehensive loss before income tax effect	(99,380)	(123,057)
Income tax effect (1)	7,638	9,164
Accumulated other comprehensive loss	<u>\$ (91,742)</u>	<u>\$ (113,893)</u>

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

	<u>2017</u>	<u>2016</u>
Defined benefit plan liabilities	\$ 8,173	\$ 9,736
Gain (loss) on financial instruments	(535)	(572)

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

	<b>Defined benefit plan and other postretirement liabilities</b>	<b>Gain (loss) on financial instruments</b>	<b>Total, net of tax</b>
Balance, December 31, 2014	\$ (115,852)	\$ (1,830)	\$ (117,682)
Other comprehensive income (loss) before reclassifications	7,311	—	7,311
Net amount reclassified to net loss	(2,126)	(153)	(2,279)
Balance, December 31, 2015	(110,667)	(1,983)	(112,650)
Other comprehensive income before reclassifications	(9,521)	—	(9,521)
Net amount reclassified to net loss	4,007	4,271	8,278
Balance, December 31, 2016	(116,181)	2,288	(113,893)
Other comprehensive income before reclassifications	20,204	—	20,204
Net amount reclassified to net income	2,097	(150)	1,947
Balance, December 31, 2017	<u>\$ (93,880)</u>	<u>\$ 2,138</u>	<u>\$ (91,742)</u>

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

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

<u>AOCL Components</u>	<u>Location</u>	<u>Gains (Losses) Reclassified from AOCL to the Consolidated Statements of Operations</u>		
		<u>2017</u>	<u>2016</u>	<u>2015</u>
Defined benefit plan and other postretirement liabilities	Cost of goods sold	\$ 3,075	\$ 3,464	\$ (1,696)
	Selling, general and administrative expenses	(429)	465	235
	Other operating expense, net	1,015	1,585	904
	Income tax expense	(1,564)	(1,507)	(1,569)
	Net of tax	<u>\$ 2,097</u>	<u>\$ 4,007</u>	<u>\$ (2,126)</u>
Gain (loss) on financial instruments	Cost of goods sold	\$ (186)	\$ (185)	\$ (186)
	Helguvik impairment	—	4,480	—
	Income tax benefit	36	(24)	33
	Net of tax	<u>\$ (150)</u>	<u>\$ 4,271</u>	<u>\$ (153)</u>

## 10. Pension and other postretirement benefits

### Pension Benefits

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

### Plan Mergers

In 2015, the South Carolina Plan was merged into the Century Aluminum Employee Retirement Plan. The participants in the South Carolina component of the merged Plan are not affected by the partial plan freeze and the plan is still open to new hourly employees. In 2017, the Century Aluminum Employee Retirement Plan was merged into the CAWV Hourly Employees Pension Plan. The participants in the Century Aluminum Employee Retirement Plan are not affected by this merger.

### PBGC settlement

In 2013, we entered into a settlement agreement with the Pension Benefit Guaranty Corporation ("PBGC") regarding an alleged "cessation of operations" at our Ravenswood facility as a result of the 2009 curtailment of operations at the facility. Pursuant to the terms of the agreement, we would make additional contributions (above any minimum required contributions) to our defined benefit pension plans totaling approximately \$17,400 over the term of the agreement, which runs through 2016. However, under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we are able to defer one or more of these payments, but would then be required to provide the PBGC with acceptable security for deferred payments. We made contributions pursuant to this agreement of \$1,100 in 2015 and \$6,700 in 2013. We did not make any contribution during 2014, 2016 or 2017. We have elected to defer other payments under the PBGC agreement and have provided the PBGC with the appropriate security. The remaining contributions under this agreement are approximately \$9,600.

### Other Postretirement Benefits (OPEB)

In addition to providing pension benefits, we provide certain healthcare and life insurance benefits for certain domestic retired employees. We accrue the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. We fund these benefits as the retirees submit claims.

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***Retiree medical welfare changes***

Under the current Hawesville labor agreement, employees who retire during the term of the labor agreement have been divided into sub-groups based on attributes such as Medicare eligibility, hire date, age and years of service. Levels of benefits are defined for the sub-groups and range from no substantive change from the benefits provided under the previous labor agreement to replacement of the defined retiree medical benefit program with individual health reimbursement accounts for each eligible participant. The health reimbursement accounts will be funded by CAKY based on established rates per hour worked by each eligible participant. Eligible participants will be able to withdraw from their health reimbursement accounts to fund their own retiree medical coverage.

During 2017, the Company amended its non-union retiree medical and life insurance benefits to align the Company's benefits with the market and achieve a uniform retiree medical benefit design across the Company's U.S. locations. Effective January 1, 2018, non-union retiree medical and life insurance benefits are restricted to current participants who meet the eligibility criteria as of January 1, 2018. Additionally, effective January 1, 2019, Century will no longer administer non-union retiree medical insurance plans and instead will make fixed health retirement account contributions. The amendment decreased the projected benefit obligations by approximately \$18,768 and a curtailment benefit of \$1,364 was recorded in 2017.

**Obligations and Funded Status**

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

	<b>Pension</b>		<b>OPEB</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Change in benefit obligation:</b>				
Benefit obligation at beginning of year	\$ 328,047	\$ 326,571	\$ 133,856	\$ 132,550
Service cost	4,384	4,651	801	1,003
Interest cost	13,310	13,892	5,317	5,595
Plan amendments	—	—	(27,395)	—
Actuarial loss (gain)	18,523	12,761	14,698	1,919
Medicare Part D	—	—	406	38
Benefits paid	(20,156)	(29,828)	(6,919)	(7,249)
Benefit obligation at end of year	<u>\$ 344,108</u>	<u>\$ 328,047</u>	<u>\$ 120,764</u>	<u>\$ 133,856</u>
	<b>Pension</b>		<b>OPEB</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Change in plan assets:</b>				
Fair value of plan assets at beginning of year	\$ 276,741	\$ 280,862	\$ —	\$ —
Actual return on plan assets	45,027	23,932	—	—
Employer contributions	1,755	1,775	6,513	7,211
Medicare Part D subsidy received	—	—	406	38
Benefits paid	(20,156)	(29,828)	(6,919)	(7,249)
Fair value of assets at end of year	<u>\$ 303,367</u>	<u>\$ 276,741</u>	<u>\$ —</u>	<u>\$ —</u>

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

	<u>Pension</u>		<u>OPEB</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Funded status of plans:</b>				
Funded status	\$ (40,741)	\$ (51,306)	\$ (120,764)	\$ (133,856)
<b>Amounts recognized in the Consolidated Balance Sheets:</b>				
Current liabilities	(1,812)	(1,813)	(7,459)	(7,501)
Non-current liabilities	(38,929)	(49,493)	(113,305)	(126,355)
Net amount recognized	<u>\$ (40,741)</u>	<u>\$ (51,306)</u>	<u>\$ (120,764)</u>	<u>\$ (133,856)</u>
<b>Amounts recognized in accumulated other comprehensive loss (pre-tax):</b>				
Net loss	\$ 71,199	\$ 83,451	\$ 58,434	\$ 47,957
Prior service cost (benefit)	998	1,104	(28,935)	(6,595)
Total	<u>\$ 72,197</u>	<u>\$ 84,555</u>	<u>\$ 29,499</u>	<u>\$ 41,362</u>

**Pension Plans That Are Not Fully Funded**

At December 31, 2017, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were \$344,108, \$339,381 and \$303,367, respectively.

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

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

**Net Periodic Benefit Cost:**

	<u>Year Ended December 31,</u>					
	<u>Pension</u>			<u>OPEB</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Service cost	\$ 4,384	\$ 4,651	\$ 6,346	\$ 801	\$ 1,003	\$ 1,970
Interest cost	13,310	13,892	13,388	5,317	5,595	5,985
Expected return on plan assets	(18,997)	(18,774)	(21,241)	—	—	—
Amortization of prior service costs	106	106	110	(3,692)	(2,781)	(3,728)
Amortization of net loss	4,745	4,666	3,980	3,865	3,537	3,814
Curtailement cost (benefit)	—	—	1,235	(1,364)	—	(4,266)
Net periodic benefit cost	<u>\$ 3,548</u>	<u>\$ 4,541</u>	<u>\$ 3,818</u>	<u>\$ 4,927</u>	<u>\$ 7,354</u>	<u>\$ 3,775</u>

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

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

	Year Ended December 31,			
	Pension		OPEB	
	2017	2016	2017	2016
Net loss (gain)	\$ (7,507)	\$ 7,603	\$ 14,699	\$ 1,919
Prior service cost (benefit)	—	—	(27,396)	—
Amortization of net loss, including recognition due to settlement	(4,745)	(4,666)	(3,865)	(3,537)
Amortization of prior service benefit (cost), including recognition due to curtailment	(106)	(106)	5,056	2,781
Total amount recognized in other comprehensive loss	(12,358)	2,831	(11,506)	1,163
Net periodic benefit cost	3,548	4,541	4,927	7,354
Total recognized in net periodic benefit cost and other comprehensive loss	<u>\$ (8,810)</u>	<u>\$ 7,372</u>	<u>\$ (6,579)</u>	<u>\$ 8,517</u>

**Amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during 2018**

	Pension	OPEB
Amortization of net loss	\$ 5,966	\$ 3,722
Amortization of prior service cost (benefit)	106	(7,258)

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

	Pension		OPEB	
	2017	2016	2017	2016
Discount rate <sup>(1)</sup>	3.69%	4.19%	3.66%	4.20%
Rate of compensation increase <sup>(2)</sup>	3%/4%	3%/4%	3%/4%	3%/4%
Measurement date	12/31/2017	12/31/2016	12/31/2017	12/31/2016

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

	Pension			OPEB		
	2017	2016	2015	2017	2016	2015
Measurement date	12/31/2016	12/31/2015	12/31/2014	12/31/2016	12/31/2015	12/31/2014
Fiscal year end	12/31/2017	12/31/2016	12/31/2015	12/31/2017	12/31/2016	12/31/2015
Discount rate <sup>(1)</sup>	4.15%	4.44%	4.05%	4.05%	4.50%	4.00%
Rate of compensation increase <sup>(2)</sup>	3%/4%	3%/4%	3%/4%	3%/4%	3%/4%	3%/4%
Expected return on plan assets <sup>(3)</sup>	6.82%	7.10%	7.16%	—	—	—

<sup>(1)</sup> We use the Ryan Curve to determine the discount rate.

<sup>(2)</sup> For 2017, the rate of compensation increase is 3% per year for the first two years and 4% per year for year three and thereafter. For 2016, the rate of compensation increase is 3% per year for the first three years and 4% per year for year four and thereafter. For 2015, the rate of compensation increase is 3% per year for the first four years and 4% per year for year five and thereafter.

<sup>(3)</sup> The rate for each of our defined benefit plans was selected by taking into account our expected asset mix and is based on historical performance as well as expected future rates of return on plan assets.

For measurement purposes, medical cost inflation is initially estimated to be 7.00%, and 7.75% for pre and post-65 participants, respectively, declining to 4.50% over thirteen years and thereafter.

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

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care benefit obligations. A one-percentage-point change in the assumed health care cost trend rate would have had the following effects in 2017:

	<b>1% Increase</b>	<b>1% Decrease</b>
Effect on total of service and interest cost	\$ 784	\$ (653)
Effect on accumulated postretirement benefit obligation	12,461	(10,611)

**Benefit Plan Assets**

***Pension Plan Investment Strategy and Policy***

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

Other objectives are to:

- Provide a total return that, over the long term, provides sufficient assets to fund the pension plan liabilities subject to a level of risk, contributions and pension expense deemed appropriate by the company.
- Minimize, where possible, pension expense volatility, and inclusion of liability driven investing as an investment strategy when appropriate. As the funding ratio improves, the objectives will evolve to minimize the funded status volatility.
- Diversify investments within asset classes to reduce the impact of losses in single investments.

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

***Performance***

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

***Asset Allocation Policy***

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

	<b>Pension Plan Asset Allocation</b>		
	<b>2017 Target</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Equities:			
U.S. equities	29%	29%	34%
International equities	26%	26%	22%
Fixed income	45%	45%	44%
		100%	100%

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

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

- Provide higher expected returns of the major asset classes.

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

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

The strategic role of fixed income is to:

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

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

***Fair Value Measurements of Pension Plan assets***

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

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

<b>As of December 31, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities:				
U.S. equities	\$ 86,513	\$ —	\$ —	\$ 86,513
International equities	79,120	—	—	79,120
Fixed income	137,734	—	—	137,734
Total	<u>\$303,367</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 303,367</u>
<b>As of December 31, 2016</b>				
Equities:				
U.S. equities	\$ 93,773	\$ —	\$ —	\$ 93,773
International equities	61,453	—	—	61,453
Fixed income	121,515	—	—	121,515
Total	<u>\$276,741</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 276,741</u>

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

- U.S. listed equities; equity and fixed income options: Last sale price; last bid price if no last sale price;
- U.S. over-the-counter equities: Official closing price; last bid price if no closing price;
- Foreign equities: Official closing price, where available, or last sale price; last bid price if no official closing price; and
- Municipal bonds, US bonds, Eurobonds/foreign bonds: Evaluated bid price; broker quote if no evaluated bid price.

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



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***Pension and OPEB Cash Flows***

During 2017 and 2016, we made contributions of approximately \$1,755 and \$1,775, respectively, to the qualified defined benefit and SERB plans we sponsor.

We expect to make the following contributions for 2018:

	<b>2018</b>
Expected pension plan contributions	\$ 1,812
Expected OPEB benefits payments	7,459

**Estimated Future Benefit Payments**

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

	<b>Pension Benefits</b>	<b>OPEB Benefits</b>
2018	\$ 20,261	\$ 7,459
2019	20,802	7,559
2020	21,057	7,625
2021	21,030	7,847
2022	21,382	7,876
2023 – 2027	101,437	38,085

**Participation in Multi-employer Pension Plans**

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

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If a participating employer chooses to stop participating in a multi-employer plan, the employer may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Century's participation in the plan for the year ended December 31, 2017, is outlined in the table below.

<b>Fund</b>	<b>Steelworkers Pension Trust</b>
EIN / PN	23-6648508/499
Pension Protection Act Zone Status 2017 (1)	Green
Pension Protection Act Zone Status 2016 (1)	Green
Subject to Financial Improvement/Rehabilitation Plan	No
Contributions of Century Aluminum 2017	\$767
Contributions of Century Aluminum 2016	\$788
Contributions of Century Aluminum 2015	\$1,618
Withdrawal from Plan Probable	No
Surcharge Imposed	No
Expiration Date of Collective Bargaining Agreement	April 1, 2020

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

- (1) The most recent Pension Protection Act zone status available in 2017 and 2016 is for the plan's year-end December 31, 2016 and December 31, 2015, respectively. The zone status is based on information that Century received from the plan as well as publicly available information per the Department of Labor and is certified by the plan's actuary. Among other factors, plans in the green zone are at least 80 percent funded.

***Century 401(k) Plans***

We sponsor a tax-deferred savings plan under which eligible domestic employees may elect to contribute specified percentages of their compensation with Century. We match a portion of participants' contributions to the savings plan. Employee and matching contributions are considered fully vested immediately upon participation in the plan. Concurrent with the 2014 amendment to the Salaried Pension Plan that eliminated future accruals for participants who are under age 50 as of January 1, 2015 and closed the plan to new entrants, the Company increased the proportional match of contributions made by those affected by the amendment. The expense related to the plan was \$4,505, \$3,945, and \$5,446 for 2017, 2016, and 2015, respectively.

**11. Share-based compensation**

*Amended and Restated Stock Incentive Plan* — We award restricted share units and grant qualified incentive and nonqualified stock options to our salaried officers, non-employee directors, and other key employees from our Amended and Restated Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan has 10,000,000 shares authorized for issuance with approximately 6,273,000 shares remaining at December 31, 2017. Our share-based compensation consists of service-based and performance-based share awards that typically vest over a period of three years from the date of grant, provided that the recipient is still our employee at the time of vesting. Our independent non-employee directors receive annual grants of service-based share awards that vest following 12 months of service. In the past, we have granted stock options that have a term of 10 years and typically vest one-third on the grant date and an additional one-third on the first and second anniversary dates of the grant. Our most recent grant of stock options was in 2009.

As of December 31, 2017, options to purchase 166,757 shares of common stock and 845,408 service-based share awards were outstanding.

A summary of activity under our Stock Incentive Plan during the year ended December 31, 2017 is presented below:

<b>Options</b>	<b>Number</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Term (years)</b>	<b>Aggregate Intrinsic Value</b>
Outstanding at January 1, 2017	359,570	\$ 24.95		
Exercised	(61,648)			
Forfeited/expired	(131,165)	51.00		
Outstanding, fully vested and exercisable at December 31, 2017 (1)	<u>166,757</u>	<u>\$ 11.02</u>	<u>1.24</u>	<u>\$ 1,954</u>

- (1) As the result of actions in 2011 that were determined to be a "change of control" under the Stock Incentive Plan, all options will remain exercisable for their respective remaining term, regardless of whether the awardees remain employees of Century. Of the 166,757 outstanding options at December 31, 2017 there are 149,257 options with an exercise price of \$6.55 per share that expire in May 2019.

*Long-Term Incentive Plan* — We also grant annual long-term incentive awards under our Amended and Restated Long-Term Incentive Plan (the "LTIP"). The LTIP is designed to provide senior-level employees the opportunity to earn long-term incentive awards through the achievement of performance goals and to align compensation with the interests of our stockholders by linking compensation to share price appreciation and total stockholder return over a multi-year period. Awards made under the LTIP are granted subject to the Stock Incentive Plan to the extent the award is deliverable in stock. We provide two types of LTIP awards: time-vested share units and performance units.

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Time-vested share units are stock-settled awards which do not contain any performance-based vesting requirements. Performance units can be settled in cash or stock and vest based on the achievement of pre-determined performance metrics at the discretion of the Board. Our performance unit liability was approximately \$7,481 and \$5,511 as of December 31, 2017 and 2016, respectively. Both the performance units and time-vested share units vest, in their entirety, after three years.

<b>Service-based share awards</b>	<b>Number</b>
Outstanding at January 1, 2017	741,036
Granted	337,951
Vested	(172,526)
Forfeited	(61,053)
Outstanding at December 31, 2017	<u>845,408</u>

<b>Service-based share awards</b>	<b>Year ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Weighted average per share fair value of service-based share grants	\$ 8.92	\$ 7.14	\$ 4.21
Total intrinsic value of option exercises	624	—	—

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

The following table summarizes the compensation cost recognized for the years ended December 31, 2017, 2016 and 2015 for all options, service-based and performance-based share awards. The compensation cost is included as part of selling, general and administrative expenses in our Consolidated Statements of Operations.

	<b>Year ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Share-based compensation expense reported:			
Performance-based share expense	\$ 3,968	\$ 2,402	\$ 2,645
Service-based share expense	3,433	2,105	428
Total share-based compensation expense before income tax	<u>7,401</u>	<u>4,507</u>	<u>3,073</u>
Income tax	—	—	—
Total share-based compensation expense, net of income tax	<u>\$ 7,401</u>	<u>\$ 4,507</u>	<u>\$ 3,073</u>

No share-based compensation cost was capitalized during these periods and there were no significant modifications of any share-based awards in 2017, 2016 and 2015. As of December 31, 2017, we had unrecognized compensation cost of \$3,560 before taxes. This cost will be recognized over a weighted average period of two years.

## **12. Earnings (loss) per share**

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

**CENTURY ALUMINUM COMPANY**  
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The following table shows the basic and diluted earnings (loss) per share for 2017, 2016, and 2015:

	<b>For the year ended December 31, 2017</b>		
	<b>Net income</b>	<b>Shares (000)</b>	<b>Per Share</b>
Net income	\$ 48,580		
Amount allocated to common stockholders	92%		
Basic EPS:			
Net income allocated to common stockholders	\$ 44,714	87,295	\$ 0.51
Effect of dilutive securities:			
Stock options		101	
Service-based share awards		624	
Diluted EPS:	\$ 44,714	88,020	\$ 0.51
	<b>For the year ended December 31, 2016</b>		
	<b>Net loss</b>	<b>Shares (000)</b>	<b>Per Share</b>
Net loss	\$ (252,415)		
Amount allocated to common stockholders	100%		
Basic and Diluted EPS:			
Net loss allocated to common stockholders	\$ (252,415)	87,064	\$ (2.90)
	<b>For the year ended December 31, 2015</b>		
	<b>Net income</b>	<b>Shares (000)</b>	<b>Per Share</b>
Net loss	\$ (59,310)		
Amount allocated to common stockholders	100%		
Basic and Diluted EPS:			
Net loss allocated to common stockholders	\$ (59,310)	87,375	\$ (0.68)
	<b>2017</b>	<b>2016</b>	<b>2015</b>
<i>Securities excluded from the calculation of diluted EPS:</i>			
Stock options <sup>(1)</sup>	83,083	105,453	356,634
Service-based share awards <sup>(1)</sup>	496,036	840,402	608,914

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

### 13. Income taxes

On December 22, 2017, the President of the United States signed into law tax reform legislation (informally known as the Tax Cuts and Jobs Act (the “Act”)) that makes significant changes to various areas of U.S. federal income tax law. The new tax legislation contains several key tax provisions including the reduction of the corporate income tax rate effective January 1, 2018 as well as a variety of other changes including a one-time transition tax, new territorial tax system, acceleration of expensing of certain business assets and reductions in the amount of executive pay that could qualify as a tax deduction.

ASC 740 requires us to recognize the effect of the tax law changes in the period of enactment. However, the SEC staff issued Staff Accounting Bulletin (SAB) 118 which will allow us to record provisional amounts during a measurement period which is similar to the measurement period used when accounting for business combinations. As of December 31, 2017, in accordance with SAB 118, the Company has made a reasonable estimate of: (i) the one-time transition tax, and (ii) the effects on the Company’s existing deferred tax balances, but has not completed its full accounting for the tax effects of enactment of the Act.

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

Based on an initial assessment of the Act, the Company recorded no provision for the transition tax, and a tax benefit of approximately \$1 million on the Company's consolidated financial statements for the reduction of deferred tax liabilities related to indefinite lived intangible assets. While other deferred assets and liabilities will also be reduced, such reduction is offset by changes to the Company's valuation allowance.

In January 2018, the FASB released guidance on the accounting for tax on the global intangible low-taxed income ("GILTI") provisions of the Act. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The guidance indicates that either accounting for deferred taxes related to GILTI inclusions or to treat any taxes on GILTI inclusions as period cost are both acceptable methods subject to an accounting policy election. The Company is still evaluating the GILTI provisions and has not yet elected an accounting policy for GILTI.

The Company expects that the Act will not have a significant impact on its financial statements or its future operational results. We will continue to assess the impact of the recently enacted tax law on our business and our consolidated financial statements through the measurement period allowed under SAB 118. Adjustments to provisional amounts, if any, that are identified during the measurement period will be recorded in the reporting period in which the adjustment is determined.

The components of pre-tax book income (loss) consist of the following:

	<b>Year Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
U.S.	\$ 26,823	\$ (86,545)	\$ (62,203)
Foreign	28,548	(164,320)	21,081
Total	\$ 55,371	\$ (250,865)	\$ (41,122)

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

	<b>Year Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Current:			
U.S. federal current expense (benefit)	\$ (106)	\$ (231)	\$ —
State current expense (benefit)	1,244	(130)	(706)
Foreign current expense	12,305	5,726	13,473
Total current expense	13,443	5,365	12,767
Deferred:			
U.S. federal deferred benefit	(2,522)	(1,564)	(1,564)
State deferred benefit	(14)	—	—
Foreign deferred tax expense	(3,324)	(977)	(1,927)
Total deferred benefit	(5,860)	(2,541)	(3,491)
Total income tax expense	\$ 7,583	\$ 2,824	\$ 9,276

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Federal Statutory Rate	35.0%	35.0 %	35.0 %
Permanent differences	57.5	7.7	1.9
State taxes, net of Federal benefit	(6.6)	6.1	(16.0)
Rate change	370.5	(4.2)	—
Foreign earnings taxed at different rates than U.S.	(40.5)	(13.5)	3.0
Valuation allowance	(401.4)	(27.5)	(56.6)
Changes in uncertain tax reserves	3.8	(1.0)	(4.2)
Other	(4.6)	(3.7)	14.3
Effective tax rate	<u>13.7%</u>	<u>(1.1)%</u>	<u>(22.6)%</u>

Upon enactment of the Act, the Company's U.S. deferred tax asset and related valuation allowance decreased by \$205,150. As the U.S. deferred tax asset has a full valuation allowance, this change in rates had no impact on the Company's financial position or results of operations. The increase in permanent differences is a result of tax law changes related to our foreign operations. The effect of earnings of foreign subsidiaries includes the difference between the U.S. statutory rate and local jurisdiction tax rates.

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

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

	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets:</b>		
Accrued postretirement benefit cost	\$ 39,417	\$ 69,725
Accrued liabilities	3,125	4,679
Share-based compensation	1,319	6,071
Goodwill	1,996	5,539
Net operating losses and tax credits	551,098	739,712
Foreign basis differences	13,875	13,929
Ravenswood retiree legal settlement	3,089	8,683
Other	3,091	5,747
Total deferred tax assets	<u>617,010</u>	<u>854,085</u>
Valuation allowance	(607,813)	(839,082)
Net deferred tax assets	<u>\$ 9,197</u>	<u>\$ 15,003</u>
Deferred tax liabilities:		
Tax over financial statement depreciation	\$ (109,733)	\$ (119,378)
Unremitted foreign earnings	—	(808)
Total deferred tax liabilities	<u>(109,733)</u>	<u>(120,186)</u>
Net deferred tax liability	<u>\$ (100,536)</u>	<u>\$ (105,183)</u>

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

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

We have a valuation allowance of \$607,813 recorded for all of our U.S. deferred tax assets, and a portion of our Icelandic deferred tax assets as of December 31, 2017. The Company is subject to the provisions of ASC 740-10, Income Taxes, which requires that the effect on deferred tax assets and liabilities of a change in tax rates be recognized in the period the tax rate change was enacted. The overall reduction in deferred tax assets, and the related valuation allowances, are primarily a result of the enactment of the Act in 2017 and a reduction in the corporate tax rate from 35% to 21%.

The changes in the valuation allowance are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Beginning balance, valuation allowance	\$ 839,082	\$ 768,764	\$ 748,283
Remeasurement of deferred tax assets	(205,150)	—	—
Release of valuation allowance	—	(6,007)	—
Other change in valuation allowance	(26,119)	76,325	20,481
Ending balance, valuation allowance	<u>\$ 607,813</u>	<u>\$ 839,082</u>	<u>\$ 768,764</u>

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

	<u>2017</u>	<u>2016</u>
Federal <sup>(1)</sup>	\$1,514,243	\$1,510,558
State <sup>(2)</sup>	2,480,523	1,901,554
Foreign <sup>(3)</sup>	532,582	540,819

<sup>(1)</sup> The federal NOL begins to expire in 2028.

<sup>(2)</sup> The state NOLs begin to expire in 2027.

<sup>(3)</sup> The Icelandic NOL begins to expire in 2017; the Netherlands NOL begins to expire in 2022.

Our ability to utilize our deferred tax assets to offset future federal taxable income may be significantly limited if we experience an "ownership change" as defined in the Code. In general, an ownership change would occur if our "five-percent shareholders," as defined under the Code, collectively increase their ownership in us by more than 50 percentage points over a rolling three-year period. Future transactions in our stock that may not be in our control may cause us to experience such an ownership change and thus limit our ability to utilize net operating losses, tax credits and other tax assets to offset future taxable income.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Balance as of January 1,	\$ 6,400	\$ 3,800	\$ 2,000
Additions based on tax positions related to the current year	2,100	2,700	1,800
Decreases due to lapse of applicable statute of limitations	(100)	(100)	—
Settlements	—	—	—
Balance as of December 31,	<u>\$ 8,400</u>	<u>\$ 6,400</u>	<u>\$ 3,800</u>

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

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

The components of our unrecognized tax positions are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Highly certain tax positions	\$ 8,300	\$ 6,300	\$ 3,700
Other unrecognized tax benefits	100	100	100
Gross unrecognized tax benefits	<u>\$ 8,400</u>	<u>\$ 6,400</u>	<u>\$ 3,800</u>
Accrued interest and penalties related to unrecognized tax positions	<u>\$ 40</u>	<u>\$ —</u>	<u>\$ —</u>

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

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

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

Our Icelandic tax returns are subject to examination beginning with the 2012 tax year.

As of December 31, 2017 and 2016 we had income taxes payable of \$12,186 and \$5,745, respectively. The income taxes payable are included within accrued and other current liabilities in our Consolidated Balance Sheets.

#### **14. Commitments and contingencies**

##### **Environmental Contingencies**

Based upon all available information, we believe our current environmental liabilities do not have, and are not likely to have, a material adverse effect on our financial condition, results of operations or liquidity. However, because of the inherent uncertainties in estimating environmental liabilities primarily due to unknown facts and circumstances and changing governmental regulations and legal standards regarding liability, there can be no assurance that future capital expenditures and costs for environmental compliance at currently or formerly owned or operated properties will not result in liabilities that may have a material adverse effect on our financial condition, results of operations or liquidity.

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. The aggregate environmental-related accrued liabilities were \$1,104 and \$998 at December 31, 2017 and 2016, respectively. All accrued amounts have been recorded without giving effect to any possible future recoveries. Costs for ongoing environmental compliance, including maintenance and monitoring are expensed as incurred.

##### ***Vernon***

In July 2006, we were named as a defendant, together with certain affiliates of Alcan Inc., in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California, which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC in July 1999. The complaint also seeks costs and attorney fees. The matter was stayed by the court in 2008 to allow for the remediation of environmental areas at the site. On June 30, 2016 the court ordered the stay lifted and reopened the case. The matter is in a preliminary stage in the U.S. District Court for the District of Delaware, and we cannot predict the ultimate outcome of this action or estimate a range of possible losses related to this matter at this time.

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

We are a party to a United States Environmental Protection Agency Administrative Order on Consent (the "Order") pursuant to which certain past and present owners of an alumina refining facility at St. Croix, Virgin Islands (the "St. Croix Alumina Refinery") have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on



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

groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. Through December 31, 2017, our affiliate Virgin Islands Alumina Corporation LLC, has expended approximately \$1,085 on the Hydrocarbon Recovery Plan. At this time, we are not able to estimate the amount of any future potential payments under this indemnification to comply with the Order, but we do not anticipate that any such amounts will have a material adverse effect on our financial condition, results of operations or liquidity, regardless of the final outcome.

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

### **Legal Contingencies**

In addition to the foregoing matters, we have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, stockholder, safety and health matters. While the results of such litigation matters and claims cannot be predicted with certainty, we believe that the final outcome of such matters will not have a material adverse impact on our financial condition, results of operations or liquidity. However, because of the nature and inherent uncertainties of litigation, should the outcome of these actions be unfavorable, our business, financial condition, results of operations and liquidity could be materially and adversely affected.

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

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

### ***Ravenswood Retiree Medical Benefits changes***

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

On August 18, 2017, the District Court for the Southern District of West Virginia approved a settlement agreement in respect of these actions. Under the terms of the settlement agreement, CAWV agreed to make payments into a trust for the benefit of the CAWV Retirees in the aggregate amount of \$23,000 over the course of 10 years. Upon approval of the settlement, we paid \$5,000 to the aforementioned trust in September 2017 and recognized a gain of \$5,500 to arrive at the-then net present value of the \$12,500. As of December 31, 2017, \$12,856 was recorded in accrued and other current liabilities as well as other liabilities. CAWV has agreed to pay the remaining amounts under the settlement agreement in annual increments of \$2,000 for nine years.

### ***PBGC Settlement***

In 2013, we entered into a settlement agreement with the Pension Benefit Guarantee Corporation (the "PBGC") regarding an alleged "cessation of operations" at our Ravenswood facility. Pursuant to the terms of the agreement, we agreed to make

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

additional contributions (above any minimum required contributions) to our defined benefit pension plans totaling approximately \$17,400. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we are able to defer one or more of these payments, provided that we provide the PBGC with acceptable security for such deferred payments. We made contributions pursuant to this agreement of \$1,100 in 2015 and \$6,700 in 2013. We did not make any contributions during 2014, 2016 or 2017. We have elected to defer certain payments under the PBGC agreement and have provided the PBGC with the appropriate security. The remaining contributions under this agreement are approximately \$9,600.

**Power Commitments and Contingencies**

***Hawesville***

Hawesville has a power supply arrangement with Kenergy and EDF Trading North America, LLC ("EDF") which provides market-based power to the Hawesville smelter. Under this arrangement, the power companies purchase power on the open market and pass it through to Hawesville at Midcontinent Independent System Operator ("MISO") pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2019. Each of these agreements provides for automatic extension on a year-to-year basis unless a one year notice is given by either party.

***Sebree***

Sebree has a power supply arrangement with Kenergy and EDF which provides market-based power to the Sebree smelter. Similar to the arrangement at Hawesville, the power companies purchase power on the open market and pass it through to Sebree at MISO pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2019. Each of these agreements provides for automatic extension on a year-to-year basis unless a one year notice is given by either party.

***Mt. Holly***

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

***Grundartangi***

Grundartangi has power purchase agreements for approximately 525 MW with HS Orka hf ("HS"), Landsvirkjun and Orkuveita Reykjavíkur ("OR") to provide power to its Grundartangi smelter. These power purchase agreements expire on various dates from 2019 through 2036 (subject to extension). The power purchase agreements with HS and OR both provide power at LME-based variable rates for the duration of these agreements. The power purchase agreement with Landsvirkjun for 161MW provides power at LME-based variable rates through October 2019 and rates linked to the Nord Pool power market from November 2019 through the expiration of the agreement on December 31, 2023.

***Helguvik***

Nordural Helguvik ehf ("Helguvik") has a power purchase agreement with OR to provide a portion of the power requirements to the Helguvik project. The agreement would provide power at LME-based variable rates and contain take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreement. The first phase of power under the OR purchase agreement (approximately 47.5MW) became available in the fourth quarter of 2011 and is currently being utilized at Grundartangi. The agreement also contains certain conditions to OR's obligations with respect to the remaining phases and OR has alleged that certain of these conditions have not been satisfied. We are in discussions with OR with respect to such conditions and other matters pertaining to this agreement.

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

**Other Commitments and Contingencies**

***Labor Commitments***

The bargaining unit employees at our Grundartangi, Vlissingen, Hawesville and Sebree facilities are represented by labor unions, representing approximately 65% of our total workforce.

Approximately 87% of Grundartangi's work force is represented by five labor unions, governed by a labor agreement which is effective through December 31, 2019 that establishes wages and work rules for covered employees. 100% of Vlissingen's work force is represented by the Federation for the Metal and Electrical Industry ("FME") by a labor agreement that is effective to June 1, 2018. The FME negotiates working conditions with trade unions on behalf of its members.

Approximately 52% of our U.S. based work force is represented by USW. The labor agreement for CAKY's Hawesville employees is effective through April 1, 2020. Century Sebree's labor agreement with the USW for its employees is effective through October 28, 2019. Mt Holly employees are not represented by a labor union.

**15. Asset retirement obligations ("ARO")**

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

	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Beginning balance, ARO liability	\$ 35,418	\$ 35,165
Additional ARO liability incurred	1,354	1,272
ARO liabilities settled	(9,900)	(1,930)
Accretion expense	1,924	1,903
Adjustments	(278)	(992)
Ending balance, ARO liability	<u>\$ 28,518</u>	<u>\$ 35,418</u>

**16. Supplemental cash flow information**

	<b>Year Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash paid for:			
Interest	\$ 19,529	\$ 19,511	\$ 18,781
Income/withholding taxes, net <sup>(1)</sup>	5,561	13,904	24,125
Non-cash investing and financing activities:			
Accrued capital costs	\$ 553	\$ 3,018	\$ 777

<sup>(1)</sup> We paid withholding taxes in Iceland on intercompany dividends of \$8,388 during the year ended December 31, 2015 (there were none for the years ended December 31, 2017 and 2016). Such withholding taxes are then refunded to us in the following year.

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

**17. Quarterly information (Unaudited)**

Financial results by quarter for the years ended December 31, 2017 and 2016 are as follows:

	<u>Net sales</u>	<u>Gross profit (loss)</u>	<u>Net income (loss)</u>	<u>Net income (loss) allocated to common stockholders</u>	<u>Basic earnings (loss) per share</u>	<u>Diluted earnings (loss) per share</u>
<b>2017</b>						
4th Quarter <sup>(1)</sup>	\$ 433,847	\$ 47,892	\$ 35,805	\$ 32,963	\$ 0.38	\$ 0.37
3rd Quarter	400,645	41,402	20,783	19,132	0.22	0.22
2nd Quarter	388,802	22,460	7,131	6,563	0.08	0.07
1st Quarter <sup>(2)</sup>	365,786	16,851	(15,139)	(15,139)	(0.17)	(0.17)
<b>2016</b>						
4th Quarter <sup>(3)</sup>	\$ 339,836	\$ 5,057	\$ (168,464)	\$ (168,464)	\$ (1.93)	\$ (1.93)
3rd Quarter <sup>(4)</sup>	333,650	(17,612)	(58,273)	(58,273)	(0.67)	(0.67)
2nd Quarter	326,754	5,582	(9,515)	(9,515)	(0.11)	(0.11)
1st Quarter	318,854	(3,052)	(16,163)	(16,163)	(0.19)	(0.19)

<sup>(1)</sup> The fourth quarter of 2017 was favorably impacted by a \$7,310 gain on the extinguishment of a portion of our contractual commitments associated with the construction of the Helguvik project.

<sup>(2)</sup> The first quarter of 2017 was unfavorably impacted by net losses on forward and derivative contracts of \$16,137.

<sup>(3)</sup> The fourth quarter of 2016 was unfavorably impacted by a \$152,200 impairment charge for Helguvik.

<sup>(4)</sup> The third quarter of 2016 was unfavorably impacted by a \$23,000 charge related to the Ravenswood retiree medical proposed settlement.

**18. Business segments**

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

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

<b>Segment assets <sup>(1)</sup></b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Primary	\$ 1,530,975	\$ 1,492,964	\$ 1,706,032
Corporate, unallocated	50,666	47,363	46,436
Total assets	<u>\$ 1,581,641</u>	<u>\$ 1,540,327</u>	<u>\$ 1,752,468</u>

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

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

**Geographic information**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net sales:			
United States	\$ 938,333	\$ 808,912	\$ 1,373,714
Iceland	650,747	510,182	576,143
Long-lived assets: <sup>(1)</sup>			
United States	\$ 370,029	\$ 395,107	\$ 408,722
Iceland	582,981	625,897	801,268
Other	74,957	78,701	94,421

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

**Major customer information**

Over the last three years, only sales revenue from Glencore exceeded 10% of our net sales. A loss of this customer could have a material adverse effect on our results of operations. The net sales revenue related to Glencore is as follows:

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Glencore	\$ 1,198,076	\$ 1,178,631	\$ 1,867,711

**19. Derivatives**

At December 31, 2017, we had an open position of 3,090 tonnes related to LME forward financial sales contracts, all of which are with Glencore, to fix the forward LME price (the "Forward Financial Sales Contracts"). These Forward Financial Sales Contracts are expected to settle between November 1, 2019 and December 31, 2020. We also have financial contracts with various counterparties including Glencore to offset fixed price sales arrangements with certain of our customers (the "fixed for floating swaps") to remain exposed to the LME price. At December 31, 2017 we had an open position related to such arrangements of 8,964 tonnes settling at various dates through December 2018.

We have also entered into financial contracts to fix the forward price of approximately 4% of Grundartangi's total power requirements for the period November 1, 2019 through December 31, 2020 (the "power price swaps"). The power price swaps are not designated as cash flow hedges. At December 31, 2017 we had an open position of 256,200 MWh related to the power price swaps.

At December 31, 2017, we had a derivative asset and liability of \$1,724 and \$1,200, respectively, in the consolidated balance sheets. In 2017, we recognized a loss of \$16,549 related to our derivative instruments in the consolidated statements of operations, substantially all of which related to transactions with Glencore. The impact of the derivative instruments on the consolidated balance sheets and consolidated statements of operations was not material for the corresponding prior periods presented.

**20. Condensed consolidating financial information**

Our 2021 Notes are guaranteed by each of our material existing and future domestic subsidiaries (The "Guarantor Subsidiaries"), except for Nordural US LLC, Century Aluminum Development LLC and Century Aluminum of West Virginia, Inc. The Guarantor Subsidiaries are 100% owned by Century. All guarantees are full and unconditional; all guarantees are joint and several. These notes are not guaranteed by our foreign subsidiaries (such foreign subsidiaries, Nordural US LLC, Century Aluminum Development LLC and Century Aluminum of West Virginia, Inc., collectively the "Non-Guarantor Subsidiaries"). We allocate corporate expenses or income to our subsidiaries and charge interest on certain intercompany balances.

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

The following summarized condensed consolidating statements of comprehensive income (loss) for the twelve months ended December 31, 2017, 2016 and 2015, condensed consolidating balance sheets as of December 31, 2017 and December 31, 2016 and the condensed consolidating statements of cash flows for the twelve months ended December 31, 2017, 2016 and 2015 present separate results for Century, the Guarantor Subsidiaries, the Non-Guarantor Subsidiaries, consolidating adjustments and total consolidated amounts.

**Condensed Consolidating Statements of Comprehensive Income (Loss)**  
**For the year ended December 31, 2017**

	<u>The Company</u>	<u>Combined Guarantor Subsidiaries</u>	<u>Combined Non- Guarantor Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total Consolidated</u>
NET SALES:					
Related parties	\$ —	\$ 547,458	\$ 650,618	\$ —	\$ 1,198,076
Other customers	—	390,875	129	—	391,004
Total net sales	—	938,333	650,747	—	1,589,080
Cost of goods sold	—	888,176	572,299	—	1,460,475
Gross profit	—	50,157	78,448	—	128,605
Selling, general and administrative expenses	27,846	12,905	4,695	—	45,446
Helguvik (gains)	—	—	(7,310)	—	(7,310)
Ravenswood (gains)	—	—	(5,500)	—	(5,500)
Other operating expense - net	—	—	2,111	—	2,111
Operating income (loss)	(27,846)	37,252	84,452	—	93,858
Interest expense - third parties	(20,397)	(1,554)	(223)	—	(22,174)
Interest income (expense) - affiliates	37,184	8,760	(45,944)	—	—
Interest income - third parties	482	—	915	—	1,397
Net gain (loss) on forward and derivative contracts	—	(17,073)	524	—	(16,549)
Other income (expense) - net	986	2,976	(5,123)	—	(1,161)
Income (loss) before income taxes and equity in earnings of subsidiaries and joint ventures	(9,591)	30,361	34,601	—	55,371
Income tax (expense) benefit	457	972	(9,012)	—	(7,583)
Income (loss) before equity in earnings of subsidiaries and joint ventures	(9,134)	31,333	25,589	—	47,788
Equity in earnings of subsidiaries and joint ventures	57,714	2,703	792	(60,417)	792
Net income	\$ 48,580	\$ 34,036	\$ 26,381	\$ (60,417)	\$ 48,580
Other comprehensive income before income tax effect	23,678	12,722	1,457	(14,179)	23,678
Income tax effect	(1,527)	—	37	(37)	(1,527)
Other comprehensive income	22,151	12,722	1,494	(14,216)	22,151
Total comprehensive income	\$ 70,731	\$ 46,758	\$ 27,875	\$ (74,633)	\$ 70,731

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

**Condensed Consolidating Statements of Comprehensive Income (Loss)**

**For the year ended December 31, 2016**

	<b>The Company</b>	<b>Combined Guarantor Subsidiaries</b>	<b>Combined Non- Guarantor Subsidiaries</b>	<b>Consolidating Adjustments</b>	<b>Total Consolidated</b>
NET SALES:					
Related parties	\$ —	\$ 668,486	\$ 510,145	\$ —	\$ 1,178,631
Other customers	—	140,426	37	—	140,463
Total net sales	—	808,912	510,182	—	1,319,094
Cost of goods sold	—	862,632	467,504	—	1,330,136
Gross profit (loss)	—	(53,720)	42,678	—	(11,042)
Selling, general and administrative expenses	20,704	9,853	9,707	—	40,264
Helguvik losses	—	—	152,220	—	152,220
Ravenswood losses	—	—	26,830	—	26,830
Other operating expense - net	—	—	3,857	—	3,857
Operating loss	(20,704)	(63,573)	(149,936)	—	(234,213)
Interest expense - third parties	(20,378)	(1,659)	(179)	—	(22,216)
Interest income (expense) - affiliates	39,211	8,107	(47,318)	—	—
Interest income - third parties	182	10	566	—	758
Net gain on forward and derivative contracts	—	3,487	—	—	3,487
Other income (expense) - net	1,239	218	(138)	—	1,319
Loss before income taxes and equity in earnings (loss) of subsidiaries and joint ventures	(450)	(53,410)	(197,005)	—	(250,865)
Income tax (expense) benefit	1,925	—	(4,749)	—	(2,824)
Income (loss) before equity in earnings (loss) of subsidiaries and joint ventures	1,475	(53,410)	(201,754)	—	(253,689)
Equity in earnings (loss) of subsidiaries and joint ventures	(253,890)	12,463	1,274	241,427	1,274
Net loss	\$ (252,415)	\$ (40,947)	\$ (200,480)	\$ 241,427	\$ (252,415)
Other comprehensive income before income tax effect	288	1,868	5,134	(7,002)	288
Income tax effect	(1,531)	—	(24)	24	(1,531)
Other comprehensive income (loss)	(1,243)	1,868	5,110	(6,978)	(1,243)
Total comprehensive loss	\$ (253,658)	\$ (39,079)	\$ (195,370)	\$ 234,449	\$ (253,658)

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

**Condensed Consolidating Statements of Comprehensive Income (Loss)**

**For the year ended December 31, 2015**

	<b>The Company</b>	<b>Combined Guarantor Subsidiaries</b>	<b>Combined Non- Guarantor Subsidiaries</b>	<b>Consolidating Adjustments</b>	<b>Total Consolidated</b>
<b>NET SALES:</b>					
Related parties	\$ —	\$ 1,277,474	\$ 632,597	\$ (42,360)	\$ 1,867,711
Other customers	—	82,327	43	(224)	82,146
Total net sales	—	1,359,801	632,640	(42,584)	1,949,857
Cost of goods sold	—	1,388,400	564,380	(44,236)	1,908,544
Gross profit (loss)	—	(28,599)	68,260	1,652	41,313
Selling, general and administrative expenses	28,000	8,798	5,317	—	42,115
Ravenswood losses	—	—	30,850	—	30,850
Other operating expense - net	—	—	7,436	—	7,436
Operating income (loss)	(28,000)	(37,397)	24,657	1,652	(39,088)
Interest expense - third parties	(20,201)	(1,567)	(186)	—	(21,954)
Interest income (expense) - affiliates	37,626	—	(37,626)	—	—
Interest income - third parties	65	4	270	—	339
Net gain on forward and derivative contracts	—	1,411	189	—	1,600
Unrealized gain on fair value of contingent consideration	—	18,337	—	—	18,337
Other income (expense) - net	1,356	(658)	2,356	(3,410)	(356)
Loss before income taxes and equity in earnings (loss) of subsidiaries and joint ventures	(9,154)	(19,870)	(10,340)	(1,758)	(41,122)
Income tax (expense) benefit	2,140	—	(11,416)	—	(9,276)
Loss before equity in earnings (loss) of subsidiaries and joint ventures	(7,014)	(19,870)	(21,756)	(1,758)	(50,398)
BHH impairment	—	—	(11,584)	—	(11,584)
Equity in earnings (loss) of subsidiaries and joint ventures	(52,296)	—	2,672	52,296	2,672
Net loss	\$ (59,310)	\$ (19,870)	\$ (30,668)	\$ 50,538	\$ (59,310)
Other comprehensive income (loss) before income tax effect	6,568	14,754	(1,114)	(13,640)	6,568
Income tax effect	(1,536)	—	33	(33)	(1,536)
Other comprehensive income (loss)	5,032	14,754	(1,081)	(13,673)	5,032
Total comprehensive loss	\$ (54,278)	\$ (5,116)	\$ (31,749)	\$ 36,865	\$ (54,278)



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

**Condensed Consolidating Balance Sheet**

**As of December 31, 2017**

	<b>The Company</b>	<b>Combined Guarantor Subsidiaries</b>	<b>Combined Non- Guarantor Subsidiaries</b>	<b>Consolidating Adjustments</b>	<b>Total Consolidated</b>
Cash & cash equivalents	\$ 64,384	\$ (132)	\$ 102,959	\$ —	\$ 167,211
Restricted cash	—	801	47	—	848
Accounts receivable - net	—	42,792	279	—	43,071
Due from affiliates	42	10,312	12	—	10,366
Inventories	181	205,156	112,132	—	317,469
Prepaid and other current assets	3,330	754	10,625	—	14,709
Total current assets	<u>67,937</u>	<u>259,683</u>	<u>226,054</u>	<u>—</u>	<u>553,674</u>
Property, plant and equipment - net	19,381	295,865	656,670	—	971,916
Investment in subsidiaries	751,820	53,942	—	(805,762)	—
Due from affiliates - long term	513,328	349,572	9,430	(872,330)	—
Other assets	27,954	34,162	25,915	(31,980)	56,051
<b>TOTAL</b>	<u><u>\$ 1,380,420</u></u>	<u><u>\$ 993,224</u></u>	<u><u>\$ 918,069</u></u>	<u><u>\$ (1,710,072)</u></u>	<u><u>\$ 1,581,641</u></u>
Accounts payable, trade	\$ 6,297	\$ 51,394	\$ 32,240	\$ —	\$ 89,931
Due to affiliates	421	2,563	17,385	—	20,369
Accrued and other current liabilities	15,973	19,301	26,124	—	61,398
Accrued employee benefits costs	1,917	8,263	824	—	11,004
Industrial revenue bonds	—	7,815	—	—	7,815
Total current liabilities	<u>24,608</u>	<u>89,336</u>	<u>76,573</u>	<u>—</u>	<u>190,517</u>
Senior notes payable	248,153	—	—	—	248,153
Accrued pension benefits costs - less current portion	39,462	18,303	13,144	(31,980)	38,929
Accrued postretirement benefits costs - less current portion	879	110,394	1,723	—	112,996
Other liabilities	3,523	31,991	22,413	—	57,927
Due to affiliates - long term	234,137	53,812	584,381	(872,330)	—
Deferred taxes	15	1,748	101,713	—	103,476
Total noncurrent liabilities	<u>526,169</u>	<u>216,248</u>	<u>723,374</u>	<u>(904,310)</u>	<u>561,481</u>
Preferred stock	1	—	—	—	1
Common stock	947	1	59	(60)	947
Other shareholders' equity	828,695	687,639	118,063	(805,702)	828,695
Total shareholders' equity	<u>829,643</u>	<u>687,640</u>	<u>118,122</u>	<u>(805,762)</u>	<u>829,643</u>
<b>TOTAL</b>	<u><u>\$ 1,380,420</u></u>	<u><u>\$ 993,224</u></u>	<u><u>\$ 918,069</u></u>	<u><u>\$ (1,710,072)</u></u>	<u><u>\$ 1,581,641</u></u>

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

**Condensed Consolidating Balance Sheet**

**As of December 31, 2016**

	<b>The Company</b>	<b>Combined Guarantor Subsidiaries</b>	<b>Combined Non- Guarantor Subsidiaries</b>	<b>Consolidatin g Adjustments</b>	<b>Total Consolidated</b>
Cash & cash equivalents	\$ 36,670	\$ (255)	\$ 95,988	\$ —	\$ 132,403
Restricted cash	—	794	256	—	1,050
Accounts receivable - net	167	11,883	382	—	12,432
Due from affiliates	42	16,606	3	—	16,651
Inventories	180	146,689	86,694	—	233,563
Prepaid and other current assets	6,838	5,699	9,673	—	22,210
Assets held for sale	—	—	22,313	—	22,313
Total current assets	<u>43,897</u>	<u>181,416</u>	<u>215,309</u>	<u>—</u>	<u>440,622</u>
Property, plant and equipment - net	12,311	328,069	685,905	—	1,026,285
Investment in subsidiaries	702,659	51,240	—	(753,899)	—
Due from affiliates - long term	529,873	346,893	1,792	(878,558)	—
Other assets	28,215	49,331	27,596	(31,722)	73,420
<b>TOTAL</b>	<u><u>\$ 1,316,955</u></u>	<u><u>\$ 956,949</u></u>	<u><u>\$ 930,602</u></u>	<u><u>\$ (1,664,179)</u></u>	<u><u>\$ 1,540,327</u></u>
Accounts payable, trade	\$ 6,125	\$ 52,921	\$ 35,914	\$ —	\$ 94,960
Due to affiliates	417	9,641	5,310	—	15,368
Accrued and other current liabilities	11,950	17,744	20,406	—	50,100
Accrued employee benefits costs	1,932	8,317	668	—	10,917
Industrial revenue bonds	—	7,815	—	—	7,815
Total current liabilities	<u>20,424</u>	<u>96,438</u>	<u>62,298</u>	<u>—</u>	<u>179,160</u>
Senior notes payable	247,699	—	—	—	247,699
Accrued pension benefits costs - less current portion	46,390	20,167	14,658	(31,722)	49,493
Accrued postretirement benefits costs - less current portion	4,380	120,242	1,733	—	126,355
Other liabilities	4,160	30,920	36,946	—	72,026
Due to affiliates - long term	237,247	42,609	598,702	(878,558)	—
Deferred taxes	—	2,735	106,204	—	108,939
Total noncurrent liabilities	<u>539,876</u>	<u>216,673</u>	<u>758,243</u>	<u>(910,280)</u>	<u>604,512</u>
Preferred stock	1	—	—	—	1
Common stock	944	1	59	(60)	944
Other shareholders' equity	755,710	643,837	110,002	(753,839)	755,710
Total shareholders' equity	<u>756,655</u>	<u>643,838</u>	<u>110,061</u>	<u>(753,899)</u>	<u>756,655</u>
<b>TOTAL</b>	<u><u>\$ 1,316,955</u></u>	<u><u>\$ 956,949</u></u>	<u><u>\$ 930,602</u></u>	<u><u>\$ (1,664,179)</u></u>	<u><u>\$ 1,540,327</u></u>

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

**Condensed Consolidating Statement of Cash Flows**

**For the year ended December 31, 2017**

	<b>The Company</b>	<b>Combined Guarantor Subsidiaries</b>	<b>Combined Non- Guarantor Subsidiaries</b>	<b>Consolidating Adjustments</b>	<b>Total Consolidated</b>
Net cash provided by (used in) operating activities	\$ (34,417)	\$ (6,993)	\$ 96,123	\$ (2,954)	\$ 51,759
Purchase of property, plant and equipment	(10,889)	(8,111)	(12,839)	—	(31,839)
Proceeds from sale of property, plant and equipment	—	899	13,585	—	14,484
Intercompany transactions	75,726	6,081	(7,638)	(74,169)	—
Net cash provided by (used in) investing activities	64,837	(1,131)	(6,892)	(74,169)	(17,355)
Borrowings under revolving credit facilities	1,281	—	—	—	1,281
Repayments under revolving credit facilities	(1,281)	—	—	—	(1,281)
Issuance of common stock	404	—	—	—	404
Intercompany transactions	(3,110)	8,247	(82,260)	77,123	—
Net cash provided by (used in) financing activities	(2,706)	8,247	(82,260)	77,123	404
CHANGE IN CASH AND CASH EQUIVALENTS	27,714	123	6,971	—	34,808
Cash and cash equivalents, beginning of period	36,670	(255)	95,988	—	132,403
Cash and cash equivalents, end of period	\$ 64,384	\$ (132)	\$ 102,959	\$ —	\$ 167,211

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

**Condensed Consolidating Statement of Cash Flows**

**For the year ended December 31, 2016**

	<b>The Company</b>	<b>Combined Guarantor Subsidiaries</b>	<b>Combined Non- Guarantor Subsidiaries</b>	<b>Consolidating Adjustments</b>	<b>Total Consolidated</b>
Net cash provided by (used in) operating activities	\$ (63,446)	\$ 19,019	\$ 82,600	\$ —	\$ 38,173
Purchase of property, plant and equipment	(1,425)	(7,807)	(12,712)	—	(21,944)
Proceeds from sale of property, plant and equipment	—	—	1,040	—	1,040
Restricted and other cash deposits	—	(3)	(256)	—	(259)
Intercompany transactions	27,761	(15,305)	(937)	(11,519)	—
Net cash provided by (used in) investing activities	26,336	(23,115)	(12,865)	(11,519)	(21,163)
Borrowings under revolving credit facilities	1,179	—	—	—	1,179
Repayments under revolving credit facilities	(1,179)	—	—	—	(1,179)
Intercompany transactions	15,359	7,488	(34,366)	11,519	—
Net cash provided by (used in) financing activities	15,359	7,488	(34,366)	11,519	—
CHANGE IN CASH AND CASH EQUIVALENTS	(21,751)	3,392	35,369	—	17,010
Cash and cash equivalents, beginning of period	58,421	(3,647)	60,619	—	115,393
Cash and cash equivalents, end of period	\$ 36,670	\$ (255)	\$ 95,988	\$ —	\$ 132,403

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

**Condensed Consolidating Statement of Cash Flows**  
**For the year ended December 31, 2015**

	The Company	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Net cash provided by operating activities	\$ 25,423	\$ 30,890	\$ 65,085	\$ (89,532)	\$ 31,866
Purchase of property, plant and equipment	(8,574)	(21,477)	(24,209)	(440)	(54,700)
Purchase of remaining interest in Mt. Holly smelter	11,313	—	—	—	11,313
Proceeds from sale of property, plant and equipment	—	14	—	—	14
Restricted and other cash deposits	—	(4)	14	—	10
Intercompany transactions	(4,072)	—	—	4,072	—
Net cash used in investing activities	(1,333)	(21,467)	(24,195)	3,632	(43,363)
Borrowings under revolving credit facilities	1,737	—	—	—	1,737
Repayments under revolving credit facilities	(1,737)	—	—	—	(1,737)
Repurchase of common stock	(36,352)	—	—	—	(36,352)
Intercompany transactions	—	(11,883)	(74,017)	85,900	—
Net cash used in financing activities	(36,352)	(11,883)	(74,017)	85,900	(36,352)
CHANGE IN CASH AND CASH EQUIVALENTS	(12,262)	(2,460)	(33,127)	—	(47,849)
Cash and cash equivalents, beginning of period	70,683	(1,187)	93,746	—	163,242
Cash and cash equivalents, end of period	\$ 58,421	\$ (3,647)	\$ 60,619	\$ —	\$ 115,393

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

Not applicable.

### **Item 9A. Controls and Procedures**

#### **Disclosure Controls and Procedures**

As of December 31, 2017, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer, also the principal financial officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our management, including the Chief Executive Officer, also the principal financial officer, concluded that our disclosure controls and procedures were effective.

#### **Internal Control over Financial Reporting**

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

As required by Section 404 of the Sarbanes-Oxley Act, management conducted an evaluation of the effectiveness of the system of internal control over financial reporting for the year ended December 31, 2017. Management's evaluation was based on the framework in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management concluded that our system of internal control over financial reporting was effective as of December 31, 2017. The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm.

#### ***Changes in Internal Control over Financial Reporting***

During the three months ended December 31, 2017, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Item 9B. Other Information**

None.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by May 1, 2018, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by May 1, 2018.

### **Item 11. Executive Compensation**

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by May 1, 2018, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by May 1, 2018.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by May 1, 2018, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by May 1, 2018.

### **Item 13. Certain Relationships and Related Transactions and Director Independence**

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by May 1, 2018, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by May 1, 2018.

### **Item 14. Principal Accountant Fees and Services**

This Item is incorporated by reference to our definitive proxy statement on Schedule 14A, which will be filed by May 1, 2018, or if our proxy statement is not filed by that date, will be included in an amendment to this Report on Form 10-K, which will be filed by May 1, 2018.

## **PART IV**

### **Item 15. Exhibits and Financial Statement Schedules**

#### **(a) (1) List of Financial Statements**

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

Reports of Independent Registered Public Accounting Firm

Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2017, 2016 and 2015

Consolidated Balance Sheets as of December 31, 2017 and 2016

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015

Notes to the consolidated financial statements

**(a) (2) List of financial Statement Schedules**

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

**(a) (3) List of Exhibits****Exhibit Index**

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



10.4	Third Amendment to Loan and Security Agreement, dated as of October 23, 2014, among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	8-K	001-34474	October 24, 2014
10.5	Fourth Amendment to Loan and Security Agreement, dated as of December 1, 2014, among Century Aluminum Company, Berkeley Aluminum, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	10-K	001-34474	March 2, 2015
10.6	Fifth Amendment dated as of June 26, 2015, among Century Aluminum Company, Century Aluminum of South Carolina, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	8-K	001-34474	July 1, 2015
10.7	Sixth Amendment dated as of December 31, 2015, among Century Aluminum Company, Century Aluminum of South Carolina, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	10-K	001-34474	March 7, 2016
10.8	Seventh Amendment dated as of March 14, 2017, among Century Aluminum Company, Century Aluminum of South Carolina, Inc., Century Aluminum of West Virginia, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender.	10-Q	001-34474	May 9, 2017
10.9	Second Lien Pledge and Security Agreement, dated as of June 4, 2013, by and among Century Aluminum Company, the other Grantors (as defined therein) and Wilmington Trust, National Association, as collateral agent of the 7.5% Senior Secured Notes.	8-K	001-34474	June 10, 2013
10.10	Collateral Agency Agreement, dated as of June 4, 2013, by and among Century Aluminum Company, the other Grantors and Wilmington Trust, National Association, as trustee and collateral agent.	8-K	001-34474	June 10, 2013
10.11	Revolving Credit Facility, dated November 27, 2013, between Nordural Grundartangi ehf, as borrower, and Landsbankinn hf.	10-K	001-34474	March 14, 2014
10.12	Amendment to Revolving Credit Facility, dated April 14, 2016, between Nordural Grundartangi ehf, as borrower, and Landsbankinn hf.	8-K	011-34474	April 15, 2016
10.13	Amendment to Revolving Credit Facility, dated December 15, 2017, between Nordural Grundartangi ehf, as borrower, and Landsbankinn hf			X
10.14	Amendment Agreement to General Bond, dated as of November 27, 2013, by and between Nordural Grundartangi ehf and Landsbankinn hf.	10-K	001-34474	March 14, 2014
10.15	Stock Purchase Agreement, dated as of July 7, 2008, by and between Century Aluminum Company and Glencore Investment Pty Ltd.	8-K	000-27918	July 8, 2008
10.16	Standstill and Governance Agreement, dated as of July 7, 2008, by and between Century Aluminum Company and Glencore AG.	8-K	000-27918	July 8, 2008

10.17	Amendment to Standstill and Governance Agreement, dated January 27, 2009, by and between Century Aluminum Company and Glencore AG.	10-K	001-34474	March 16, 2010
10.18	Registration Rights Agreement, dated as of July 7, 2008, by and between Century Aluminum Company and Glencore Investment Pty Ltd.	8-K	000-27918	July 8, 2008
10.19	Amended and Restated Aluminum Purchase Agreement, dated as of February 23, 2015, by and between Century Aluminum Company, NSA General Partnership, Century Aluminum Sebree LLC, Century Aluminum of South Carolina, Inc., Century Aluminum of West Virginia, Inc. and Glencore Ltd.**	10-Q	001-34474	May 1, 2015
10.20	Century Aluminum Company Amended and Restated Executive Severance Plan, adopted June 23, 2014.*	8-K	001-34474	June 27, 2014
10.21	Century Aluminum Company Amended and Restated Supplemental Retirement Income Benefit Plan.*	10-Q	000-27918	August 10, 2009
10.22	First Amendment of the Century Aluminum Company Amended and Restated Supplemental Retirement Income Benefit Plan.*	10-K	001-34474	March 16, 2010
10.23	Second Amendment of the Century Aluminum Company Amended and Restated Supplemental Retirement Income Benefit Plan, adopted June 23, 2014.*	8-K	001-34474	June 27, 2014
10.24	Century Aluminum Company Annual Incentive Plan (Amended and Restated Effective January 1, 2008).*	10-K	001-34474	March 2, 2015
10.25	Century Aluminum Company Amended and Restated 1996 Stock Incentive Plan.*	8-K	001-34474	March 25, 2013
10.26	Century Aluminum Company Amended and Restated Stock Incentive Plan, adopted June 23, 2014.*	8-K	001-34474	June 27, 2014
10.27	Century Aluminum Company Amended and Restated Long-Term Incentive Plan, adopted June 23, 2014.*	8-K	001-34474	June 27, 2014
10.28	Century Aluminum Company Amended and Restated Long-Term Incentive Plan, adopted March 22, 2016.*	8-K	001-34474	March 24, 2016
10.29	Century Aluminum Company Restoration Plan, adopted December 8, 2015.*	8-K	001-34474	December 14, 2015
10.30	Form of Time-Vesting Performance Share Unit Award Agreement.*	8-K	001-34474	June 27, 2014
10.31	Form of Performance Unit Award Agreement for the January 1, 2014 to December 31, 2016 performance period and the January 1, 2015 to December 31, 2017 performance period.*	8-K	001-34474	June 27, 2014
10.32	Form of Performance Unit Award Agreement for the January 1, 2016 to December 31, 2018 performance period.*	8-K	001-34474	March 24, 2016
10.33	Form of Stock Option Agreement - Employee.*	10-K	000-27918	March 16, 2006
10.34	Form of Amendment No. 1 to the Stock Option Agreement - Employee.*	10-Q	001-34474	August 9, 2011
10.35	Amended and Restated Non-Employee Directors Stock Option Plan.*	8-K	000-27918	August 16, 2005
10.36	Form of Stock Option Agreement - Non-Employee Director.*	10-K	000-27918	March 16, 2006
10.37	Form of Independent Non-Employee Director Annual Retainer Fee Payment Time-Vesting Performance Share Unit Award Agreement.*	10-K	001-34474	March 7, 2016
10.38	Form of Independent Non-Employee Director Annual Equity-Grant Time-Vesting Performance Share Unit Award Agreement.*	10-K	001-34474	March 7, 2016

10.39	Form of Indemnification Agreement.*	8-K	001-34474	December 5, 2014	
21.1	List of Subsidiaries				X
23.1	Consent of Deloitte & Touche LLP				X
24.1	Powers of Attorney				X
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Principal Executive Officer and Principal Financial Officer				X
32.1	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Principal Executive Officer and Principal Financial Officer				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase				X
101.LAB	XBRL Taxonomy Extension Label Linkbase				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase				X

\* Management contract or compensatory plan.

\*\* Confidential Information was omitted from this exhibit pursuant to a request for confidential treatment filed separately with the SEC.

**SIGNATURES**

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

**Century Aluminum Company**

By: */s/ MICHAEL A. BLESS*

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Michael A. Bless

President and Chief Executive Officer (Principal Executive Officer and  
Principal Financial Officer)

Dated: February 28, 2018

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

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ MICHAEL A. BLESS</u> Michael A. Bless	President and Chief Executive Officer and Director (Principal Executive Officer and Principal Financial Officer)	February 28, 2018
* <u>Terence Wilkinson</u>	Chairman	February 28, 2018
* <u>Jarl Berntzen</u>	Director	February 28, 2018
* <u>Errol Glasser</u>	Director	February 28, 2018
* <u>Wilhelm van Jaarsveld</u>	Director	February 28, 2018
<u>/s/ STEPHEN K. HEYROTH</u> Stephen K. Heyroth	Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 28, 2018
<u>*By: /s/ JESSE E. GARY</u> Jesse E. Gary, as Attorney-in-fact		