CENTURY ALUMINUM CO
Form 10-K
March 18, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number 1-34474
CENTURY ALUMINUM COMPANY
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-3070826 (IRS Employer Identification No.)
2511 Garden Road Building A, Suite 200 Monterey, California (Address of registrant's principal offices)	93940 (Zip Code)

Registrant's telephone number, including area code: (831) 642-9300
Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common Stock, $0.01 par value per share	NASDAQ Stock Market LLC
Preferred Stock Purchase Rights	(NASDAQ Global Select Market)

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No ý
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 ý
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 ý 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 ý No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in a definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)
Large Accelerated Filer¨ Accelerated Filer ý Non-Accelerated Filer ¨ ¨

(Do not check if a smaller reporting company)	Smaller Reporting Company

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

Based upon the closing price of the registrant's common stock on the NASDAQ Global Select Market on June 30, 2012, the approximate aggregate market value of the common stock held by non-affiliates of the registrant was approximately $377,000,000. As of February 28, 2013, 88,554,921 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 2013 Annual Meeting, 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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PART I

Item 1. Business

Century Aluminum Company is a Delaware corporation with our principal executive offices located at 2511 Garden Road, Building A, Suite 200, Monterey, California 93940.

Throughout this 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.

Available Information

Additional information about Century may be obtained from our website, which is located at www.centuryaluminum.com. Our website provides access to filings we have made through the EDGAR filing system of the Securities and Exchange Commission (the “SEC”), including our annual, quarterly and current reports filed on Forms 10-K, 10-Q and 8-K, respectively, our code of ethics that applies to all employees and ownership reports filed on Forms 3, 4 and 5 after December 16, 2002 by our directors, executive officers and beneficial owners of more than 5% of our outstanding common stock. These filings are also available on the SEC website at www.sec.gov. In addition, we will make available free of charge copies of our Forms 10-K, Forms 10-Q, and Forms 8-K upon request. A copy of the code of ethics is available on our website. Requests for these documents can be made by contacting our Investor Relations Department by mail at: 2511 Garden Road, Building A, Suite 200, Monterey, CA 93940, or by phone at: (831) 642-9300. 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.

Forward-Looking Statements

This annual report includes forward-looking statements, which are subject to the “safe harbor” created by section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. We may make forward-looking statements in our SEC filings, press releases, news articles, earnings presentations and when we are speaking on behalf of the Company. Forward-looking statements can be identified by the fact that they do not strictly relate to historical or current facts. Often, they include 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, for example, include statements about the following subjects, among other things:

- Our business objectives, strategies and initiatives, the growth of our business and our competitive position and prospects;
- Our assessment of significant economic, financial, political and other factors and developments that may affect our results, including currency risks;
- Our assessment of the aluminum market, aluminum prices, aluminum financing, inventories and warehousing arrangements and other similar matters;
- Aluminum prices and their effect on our financial position and results of operations;
- Future construction investment and development of our facility in Helguvik, Iceland and with respect to the Century Vlissingen project, including our discussions regarding power purchase agreements, future capital expenditures, the costs of completion or cancellation, production capacity and the sources of funding for the facility;
- Our hedging and other strategies to mitigate risk and their potential effects;
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Our curtailed operations, including the potential restart of curtailed operations at Ravenswood, and potential curtailment of other domestic assets;

- Our procurement of electricity, alumina, carbon products and other materials and our assessment of pricing and other terms relating thereto including the potential benefits of the amended Santee Cooper Service Agreement and the potential benefits to be provided to Grundartangi and our planned Helguvik smelter from the recent purchase by Century Vlissingen of carbon anode production assets in the Netherlands;
- Our ability to access the wholesale power market for Hawesville or Ravenswood;

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- Estimates of our pension and other postretirement liabilities and future payments, deferred income tax assets and property plant and equipment impairment, environmental liabilities and other contingent liabilities and contractual commitments;
- Our agreement in principle with the Century Aluminum of West Virginia ("CAWV") retirees and any contributions to a voluntary employee benefit association relating to that agreement;
- Changes in, or the elimination of, the retiree medical benefit plans and programs of certain of our subsidiaries and their effect on our financial position and results of operation;
- Discussions with the Pension Benefit Guaranty Corporation regarding our Ravenswood facility;
- Critical accounting policies and estimates, the impact or anticipated impact of recent accounting pronouncements or changes in accounting principle;
- Our anticipated tax liabilities, benefits or refunds;
- Our assessment of the ultimate outcome of outstanding litigation, including litigation with our former CEO, and environmental matters and liabilities relating thereto;
- Compliance with laws and regulations and the effect of future laws and regulations;
- Our capital resources, projected financing sources and projected uses of capital; and
- Our debt levels and intentions to incur or repay debt in the future, including the E.ON contingent obligation.

We believe the expectations reflected in our forward-looking statements are reasonable, based on information available to us on the date of this annual report. However, all forward-looking statements are subject to many risks and uncertainties, including those described under Item 1A, “Risk Factors,” and we cannot guarantee our future performance or results of operations, and you should not place undue reliance on these forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, you are advised to consult any additional disclosures we make in our quarterly reports on Form 10-Q, annual report on Form 10-K and current reports on Form 8-K filed with the SEC. See Item 1, “Business - Available Information.”

Overview

We produce primary aluminum. Aluminum is an internationally traded commodity, and its price is effectively determined on the London Metal Exchange (the “LME”). Our primary aluminum facilities produce standard grade and value-added primary aluminum products. Our current primary aluminum rated production capacity is 785,000 metric tons per year (“mtpy”), of which approximately 170,000 mtpy remained curtailed as of December 31, 2012. We produced approximately 647,000 metric tons of primary aluminum in 2012.

Our primary aluminum capacity includes our facility in Grundartangi, Iceland (“Grundartangi”) with rated capacity of 260,000 mtpy; our facility in Hawesville, Kentucky (“Hawesville”) with rated capacity of 244,000 mtpy; a 49.7% interest in a facility in Mt. Holly, South Carolina (“Mt. Holly”) that provides us with rated capacity of 111,000 mtpy; and our facility in Ravenswood, West Virginia (“Ravenswood”), currently curtailed, with rated capacity of 170,000 mtpy. We are constructing a primary aluminum facility in Helguvik, Iceland (the “Helguvik project”) which is currently contemplated to have a rated capacity of up to 360,000 mtpy.

In addition to our primary aluminum assets, we own other facilities at which we produce key operating supplies for the aluminum smelting process. In 2012, Century Aluminum Vlissingen B.V. ("Century Vlissingen") purchased substantially all of the assets of the idled former Zeeland Aluminum Company ("Zalco") anode production facility located in Vlissingen, the Netherlands. Century Vlissingen is expected to restart approximately 75,000 metric tons of annual anode production capacity in late 2013, and ultimately reach an annual anode production capacity of 145,000 metric tons. We also have a 40% stake in Baise Haohai Carbon Co., Ltd. (“BHH”), a carbon anode and cathode facility located in Guangxi Zhuang, China. The BHH facility has an annual anode production capacity of up to 180,000 mtpy and an annual graphitization capacity of up to 20,000 mtpy and supplies a portion of the anodes used in our Grundartangi facility.

We have continued investing in the Helguvik project. During 2012, project activity and spending remained at modest levels. We plan to restart major construction activity if we are able to successfully resolve ongoing discussions with the contracted power suppliers for the project. See "Electrical Power Supply Agreements."

Strategic Objectives

Our strategic objectives are to: (a) optimize our existing assets by managing costs and improving safety, productivity and efficiency; (b) expand our primary aluminum business by constructing, investing in or acquiring additional capacity that offers favorable returns; and (c) pursue upstream opportunities in bauxite mining, alumina refining and the production of other key operating supplies.

Primary Aluminum Facilities:

Facility	Location	Operational	Rated Capacity (mtpy) (4)	Ownership Percentage
Grundartangi (1)	Grundartangi, Iceland	1998	260,000	100%
Hawesville	Hawesville, Kentucky, USA	1970	244,000	100%
Ravenswood (2)	Ravenswood, West Virginia, USA	1957	170,000	100%
Mt. Holly (3)	Mt. Holly, South Carolina, USA	1980	224,000	49.7%

(1) In 2012, Grundartangi started a four year $65 million expansion project that is expected to increase production capacity by approximately 40,000 mtpy.

(2) In February 2009, we curtailed all operations at the Ravenswood facility. We may in the future restart the curtailed operations upon the realization of several objectives, including an acceptable arrangement for electric power and a new labor agreement.

(3) Alcoa holds the remaining 50.3% ownership interest and is the operator. Century's share of Mt. Holly's rated capacity is approximately 111,000 mtpy.

(4) The rated capacity refers to the rated capacity of the technology used in the construction of the facility. The actual production capacity of a facility may significantly exceed the rated capacity through production efficiencies, increased amperage and other similar measures.

Carbon Anode Facilities:

Facility	Location	Type	Capacity	Ownership Percentage
Century Vlissingen (1)	Vlissingen, the Netherlands	Carbon anodes	Currently idled	100%
Baise Haohai Carbon Co., Ltd (2)	Guangxi Zhuang, China	Carbon anode, cathode and graphitized products	180,000 mtpy anode; 20,000 mtpy cathode/graphitized products	40%

(1) Century Vlissingen is currently idled. We expect to restart production in late 2013. Upon restart, the initial production capacity is expected to be 75,000 metric tons of annual anode production with plans to increase to 145,000 metric tons by late 2015 upon completion of further capital projects.

(2) Guangxi Qiangqiang Carbon Co., Ltd. holds the remaining 60% ownership interest and is the operator of this facility.

The following table shows our primary aluminum shipment volumes since 2007.

Recent Developments

Information on our recent developments is available in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included herein.

Competition

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

Our Hawesville plant is located adjacent to its largest customer. This location allows Hawesville to deliver a portion of its production in molten form, at a cost savings to both parties, providing a competitive advantage over other potential suppliers. We believe that Hawesville also has a competitive advantage in that it currently is the largest producer of high purity aluminum in North America. 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.”

Customer Base

In 2012, we derived approximately 85% of our consolidated sales from our three major customers: Glencore International (together with its subsidiaries, “Glencore”), Southwire Company (“Southwire”), and BHP Billiton. Additional information about the revenues and percentage of sales to these major customers is available in Note 20 Business Segments of the consolidated financial statements included herein. We currently have long-term primary aluminum sales or tolling contracts with each of these customers. More information about these contracts is available under “Forward Physical Delivery Agreements” in Note 16 Forward delivery contracts and financial instruments of the consolidated financial statements included herein.

Financial Information about Segments and Geographic Areas

We operate in one reportable segment, primary aluminum. Additional information about our primary aluminum segment and certain geographic information is available in Note 20 Business Segments to the consolidated financial statements included herein. For a description of certain risks attendant to our operations, see Item 1A, “Risk Factors.”

Energy, Key Supplies and Raw Materials

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

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

Electrical power, alumina, carbon anodes and labor are the principal components of cost of goods sold. These components together represented over 80% of our 2012 cost of goods sold. We have long-term contracts to attempt to ensure the future availability of many of our cost components. For a description of certain risks attendant to our raw material supplies and labor, see Item 1A, "Risk Factors."

Supply Contracts

Alumina Supply Agreements

A summary of our alumina supply agreements is provided below. Grundartangi receives a portion of its alumina under alumina supply agreements, but this facility primarily tolls alumina provided by BHP Billiton and Glencore into primary aluminum. See Note 16 Forward delivery contracts and financial instruments of the consolidated financial statements included herein for more information on the tolling agreements.

In 2012, approximately 15,000 metric tons of primary aluminum were produced at Grundartangi outside of such toll agreements.

Facility	Supplier	Term	Pricing
Mt. Holly	Trafigura AG	Through December 31, 2013	Variable, LME-based
Hawesville	Glencore	Through December 31, 2014	Variable, LME-based
Grundartangi	Glencore	Through December 31, 2013	Variable, LME-based

Electrical Power Supply Agreements

We use significant amounts of electricity in the aluminum production process. A summary of our long-term power supply agreements is provided below.

Facility	Supplier	Term	Pricing
Ravenswood (1)	Appalachian Power Company	Evergreen	Based on published tariff
Mt. Holly (2)	South Carolina Public Service Authority	Through December 31, 2015	Fixed price, with fuel cost adjustment clause
Hawesville (3) (4)	Kenergy	Through December 31, 2023	Cost-based
Grundartangi (5)	Landsvirkjun Orkuveita Reykjavíkur ("OR") HS Orka hf ("HS")	Through 2019 - 2036	Variable rate based on the LME price for primary aluminum
Helguvik (5)(6)	OR HS	Approximately 25 years from the dates of each	Variable rate based on the LME price for primary aluminum

phase of power delivery
under the respective power
agreements

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(1) All operations at the Ravenswood facility are presently curtailed. Appalachian Power Company ("APCo") supplies all of Ravenswood's power requirements. Effective January 2013, Century Aluminum of West Virginia, Inc. entered into a contract with APCo to provide electrical power at prices based on the applicable tariff rates. The contract has an initial term of 12 months, and will continue thereafter until terminated upon 12 months notice given by either party.

(2) Effective June 1, 2012, Mt. Holly and South Carolina Public Service Authority ("Santee Cooper") amended the terms of Mt. Holly's power agreement in order to allow Mt. Holly to receive all or a portion of Mt. Holly's supplemental power requirements from an off-system natural gas-fired power generation facility (the "off-system facility"). The energy charge for supplemental power from the off-system facility is based on the cost of natural gas rather than Santee Cooper's system average fuel costs, which are primarily coal-based. The amendments to the power agreement may provide a benefit to Mt. Holly provided that natural gas costs remain below Santee Cooper's system average fuel costs. The amended power agreement provides that Mt. Holly may continue to receive its supplemental power requirements from the off-system facility through December 31, 2015.

(3) Century Aluminum of Kentucky, our wholly owned subsidiary ("CAKY") entered into an arrangement (the "Big Rivers Agreement") to provide power for Hawesville's full production capacity requirements (approximately 482 megawatts ("MW")) with pricing based on the provider's cost of production. The Big Rivers Agreement is take-or-pay for Hawesville's energy requirements at full production. Under the terms of the Big Rivers Agreement, any power not consumed by Hawesville will be made available for sale and we will receive credits for actual power sales up to our cost for that power.

(4) In August 2012, CAKY issued a 12-month notice to terminate its power contract with Kenergy, a member cooperative of Big Rivers Electric Corporation ("Big Rivers"), for Hawesville. During the 12-month notice period, we will be required to pay a demand charge for power, but we are not obligated to continue operating the plant. We believe that the contract price Hawesville pays for electric power under the Big Rivers Agreement is among the highest rates for smelters in the U.S. CAKY is engaged in discussions with Big Rivers, Kenergy and other stakeholders to access the wholesale market for power.

(5) The first stage of power under the Helguvik power supply agreement with OR (approximately 47.5 MW) became available in the fourth quarter of 2011. This power is currently being used at Grundartangi. In 2012, Nordural Grundartangi entered into a new supplemental power contract with Landsvirkjun. The supplemental power contract, which will expire in October 2029 (or upon the occurrence of certain earlier events), will provide Nordural Grundartangi with supplemental power, as Nordural Grundartangi may request from time to time, at LME-based variable rates. Nordural Grundartangi has agreed to make certain prepayments to Landsvirkjun in connection with the contract, which will reduce the price paid for power at the time of consumption.

(6) HS and OR have alleged that certain conditions for the delivery of power under the Helguvik power supply agreements have not yet been satisfied. We are in discussions with HS and OR with respect to the satisfaction of these conditions. See "—Primary Aluminum Facilities — Helguvik project — Power Supply Agreements" and Item 1A, "Risk Factors — If we are unable to procure a reliable source of power, the Helguvik project may not be feasible."

Labor Agreements

Our labor costs at Ravenswood and Hawesville are subject to the terms of labor contracts with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USWA") which generally have provisions for annual fixed increases in hourly wages and benefits adjustments. The five labor unions represented at Grundartangi operate under a labor contract that establishes wages and work rules for covered employees. The employees at Mt. Holly are employed by Alcoa and are not unionized. A summary of key labor agreements is provided below.

Facility	Organization	Term

Hawesville	USWA	Through March 31, 2015
Ravenswood	USWA	Expired August 31, 2010
Grundartangi	Icelandic labor unions	Through December 31, 2014

Pricing

Our operating results are highly sensitive to changes in the price of primary aluminum and the value of regional premiums, as well as the cost of electrical power, raw materials and supplies used in production. As a result, from time to time, we assess the appropriateness of mitigating the effects of fluctuations in these items through the use of various fixed-price commitments and financial instruments. We purchase alumina for all of our facilities and electrical power at Grundartangi at prices indexed to the price of primary aluminum; this mechanism provides a “natural hedge” in the pricing of some of our largest production costs. In addition, in recent years, we have purchased primary aluminum put option contracts to protect our downside price risk exposure for a significant portion of our domestic production. We hold no such option contracts today.

Generally, we price our products at an indexed or “market” price, in which the customer pays an agreed-upon premium over the LME price or other market indices.

Grundartangi derives most of its revenues from tolling arrangements whereby it converts alumina provided by its customers into primary aluminum for a fee based on the LME price for primary aluminum. Grundartangi's revenues are subject to market price risk associated with the LME price for primary aluminum; however, because Grundartangi tolls alumina for its customers, it is not exposed to fluctuations in the price of alumina for its tolling production. Grundartangi’s tolling revenues include a premium based on the European Union (“EU”) import duty for primary aluminum. Any decreases in the EU import duty could have a negative impact on Grundartangi’s revenues.

Primary Aluminum Facilities

Grundartangi

The Grundartangi facility, located in Grundartangi, Iceland, is owned and operated by our subsidiary, Nordural Grundartangi ehf. Grundartangi is our most modern and lowest cost facility. Operations began in 1998 and production capacity has expanded to its current annual rated production capacity of 260,000 mtpy. In 2012, Grundartangi produced approximately 284,000 metric tons of primary aluminum, nine percent above its rated production capacity.

Grundartangi operates under various long-term agreements with the Government of Iceland, local municipalities, and Faxafloahafnir sf (which operates the harbor at Grundartangi and is jointly owned by several municipalities). These agreements include: (a) an investment agreement that establishes Grundartangi's tax status and the Government's obligations to grant certain permits; (b) a reduction plant site agreement by which Grundartangi leases the property; and (c) a harbor agreement by which Grundartangi is granted access to the port at Grundartangi through 2020, subject to renewal at its option.

Tolling Agreements. Grundartangi has long-term tolling agreements for most of its production capacity with BHP Billiton and Glencore. The tolling counterparties provide alumina and receive primary aluminum in return for tolling fees that are based on the LME price of primary aluminum. See Note 16 Forward delivery contracts and financial instruments in the consolidated financial statements included herein for more information about these agreements.

Direct Sales. In 2012, Grundartangi produced approximately 15,000 metric tons of primary aluminum outside of the tolling agreements, using alumina purchased under an alumina supply agreement with Glencore.

Power. Grundartangi purchases power from Landsvirkjun, HS and OR under various long-term contracts due to expire between 2019 and 2036. The power delivered to Grundartangi is priced at rates based on the LME price for primary aluminum and is produced from hydroelectric and geothermal sources. In 2012, Nordural Grundartangi entered into a new supplemental power contract with Landsvirkjun. Under the supplemental power contract, Nordural Grundartangi

may request supplemental power from time to time, at LME-based variable rates. Nordural Grundartangi has agreed to make certain prepayments to Landsvirkjun in connection with the contract, which will reduce the price paid for power at the time of consumption.

Employees. Our employees at Grundartangi are represented by five labor unions that operate under a labor contract through December 31, 2014. See "Supply Contracts - Labor Agreements" above.

Hawesville

Hawesville is owned and operated by CAKY. Hawesville is located adjacent to the Ohio River near Hawesville, Kentucky and began operations in 1970. Hawesville has five reduction potlines with an annual rated production capacity of 244,000 metric tons.

Four of Hawesville's potlines are specially configured and operated to produce high purity primary aluminum and have an annual rated production capacity of approximately 195,000 metric tons, making it the largest producer of high purity primary aluminum in North America. The average purity level of primary aluminum produced by these potlines is 99.9%, compared to standard-purity aluminum which is approximately 99.7%. High purity primary aluminum is sold at a premium to standard-purity aluminum. Hawesville's specially configured facility provides the high-conductivity metal required by Hawesville's largest customer, Southwire, for its electrical wire and cable products as well as for certain aerospace applications.

Metal Sales Agreement. Hawesville has an aluminum sales contract with Southwire (the "Southwire Metal Agreement"). The Southwire Metal Agreement extends through December 2013. The price for molten aluminum delivered to Southwire is variable and is determined by reference to the U.S. Midwest Market Price. Under the contract, Hawesville supplies between 220 and 240 million pounds (approximately 100,000 to 109,000 metric tons) of high-conductivity molten aluminum annually to Southwire's adjacent wire and cable manufacturing facility. In addition, we have contracted with Glencore to sell to Glencore all primary aluminum we produce in the U.S., less existing agreements and high purity sales, through December 2013 (the "Glencore Sweep Agreement"). The Glencore Sweep Agreement provides for variable pricing determined by reference to the U.S. Midwest Market Price. More information on the Southwire Metal Agreement and Glencore Sweep Agreement is available under "Primary Aluminum Sales Contracts" in Note 16 Forward delivery contracts and financial instruments of the consolidated financial statements included herein.

Alumina. Hawesville receives its alumina supply from Glencore under our long-term alumina purchase agreement.

Power. Kenergy, a member cooperative of Big Rivers, provides Hawesville's electrical power under the Big Rivers Agreement. The Big Rivers Agreement provides for long-term cost-based power through December 31, 2023.

In August 2012, CAKY issued a 12-month notice to terminate its power contract with Kenergy for Hawesville. During the 12-month notice period, we will be required to pay a demand charge for power, but we are not obligated to continue operating the plant. We believe that the contract price Hawesville pays for electric power under the Big Rivers Agreement is among the highest rates for smelters in the U.S. CAKY is engaged in discussions with Big Rivers, Kenergy and other stakeholders to access the wholesale market for power. See Item 1A Risk Factors, "If we are unable to negotiate for an alternative source of power, we may close the facility." See "Supply Contracts - Electrical Power Supply Agreements" above for additional information.

CAKY has a contingent obligation to repay E.ON related to the unwind of a previous power agreement, subject to certain conditions. See Note 6 Debt in the consolidated financial statements included herein for additional information about the contingent obligation.

Employees. The bargaining unit employees at Hawesville are represented by the USWA. The collective bargaining agreement, which covers all of the represented hourly employees at Hawesville, expires in March 2015.

Mt. Holly

Mt. Holly, located in Mt. Holly, South Carolina, was built in 1980 and is the most recently constructed aluminum reduction facility in the United States. The facility consists of two potlines with a total rated production capacity of 224,000 mtpy and casting equipment used to cast molten aluminum into standard-grade ingot, extrusion billet and other value-added primary aluminum products. Value-added primary aluminum products are sold at a premium to standard-grade primary aluminum. Our 49.7% interest represents approximately 111,000 mtpy of the facility's annual rated production capacity.

Our interest in Mt. Holly is held through our subsidiary, Berkeley Aluminum ("Berkeley"). Under the Mt. Holly ownership structure, we hold an undivided 49.7% interest in the property, plant and equipment comprising the aluminum reduction operations at Mt. Holly and an equivalent share in the general partnership responsible for the operation and maintenance of the facility. Alcoa owns the remaining 50.3% interest in Mt. Holly and an equivalent share of the operating partnership. Under the terms of the operating partnership, Alcoa is responsible for operating and maintaining the facility. Each owner supplies its own alumina for conversion to primary aluminum and is responsible for its proportionate share of operational and maintenance costs.

Metal Sales Agreements. We have a contract to sell to Glencore 20,400 mtpy of primary aluminum through December 31, 2013, produced at Mt. Holly or Hawesville at a price determined by reference to the U.S. Midwest Market Price, subject to an agreed cap and floor as applied to the U.S. Midwest Premium (the "Glencore Metal Agreement"). Under the Glencore Sweep Agreement, any additional primary aluminum produced in the U.S. (including Mt. Holly), less existing agreements and value added sales, will be sold to Glencore at variable pricing determined by reference to the U.S. Midwest Market Price. More information on the Glencore Metal Agreement and Glencore Sweep Agreement is available under "Primary Aluminum Sales Contracts" in Note 16 Forward delivery contracts and financial instruments of the consolidated financial statements included herein.

Alumina. Substantially all of our alumina requirements for Mt. Holly are provided by Trafigura AG under an agreement that extends through 2013. The pricing for alumina under our contract with Trafigura is variable and based on the LME price for primary aluminum.

Power. Mt. Holly purchases all of its power requirements from Santee Cooper under a take-or-pay service agreement that runs through 2015.
Effective June 1, 2012, Mt. Holly and Santee Cooper amended the terms of Mt. Holly's power agreement in order to allow Mt. Holly to receive all or a portion of Mt. Holly's supplemental power requirements from an off-system natural gas-fired power generation facility (the "off-system facility"). The energy charge for supplemental power from the off-system facility is based on the cost of natural gas rather than Santee Cooper's system average fuel costs, which are primarily coal-based. The amendments to the power agreement may provide a benefit to Mt. Holly provided that natural gas costs remain below Santee Cooper's system average fuel costs. The amended power agreement provides that Mt. Holly may continue to receive its Supplemental Power requirements from the off-system facility through December 31, 2015. See "Supply Contracts - Electrical Power Supply Agreements" above for additional information.

Employees. The employees at Mt. Holly are employed by Alcoa and are not unionized.

Ravenswood

The Ravenswood facility is owned and operated by our subsidiary, Century Aluminum of West Virginia. Built in 1957, Ravenswood has four potlines with a production capacity of 170,000 metric tons. The facility is located adjacent to the Ohio River near Ravenswood, West Virginia.

In February 2009, we conducted an orderly curtailment of the plant operations at Ravenswood. We may restart the curtailed operations upon the realization of several objectives, including a new power agreement that would provide for flexibility in Ravenswood's cost structure under adverse industry conditions as well as a new labor agreement.

Legislation has been passed in West Virginia that gives us the ability to enter into discussions with the public service commission and other applicable entities in regard to an enabling power contract for the curtailed plant. We have engaged in discussions with the utility and other stakeholders. Until those discussions have progressed further it is not possible to predict when or if a restart of the plant might occur.

Power. APCo supplies all of Ravenswood's power requirements under an agreement at prices set forth in published tariffs. See "Supply Contracts - Electrical Power Supply Agreements" above for additional information.

Employees. The bargaining unit employees at Ravenswood represented by the USWA were under a labor agreement that expired in August 2010.

Amendments to retiree medical benefits. As of January 1, 2013, CAWV no longer provides retiree medical benefits to active salaried CAWV personnel or any other personnel who retired prior to October 1, 2012. CAWV has made no commitments as to the future status of retiree medical benefits for hourly personnel who are currently covered by an

active medical program.

Helguvik project

The Helguvik project site is located approximately 30 miles from the city of Reykjavik, Iceland and is owned and would be operated through our Nordural Helguvik subsidiary.

We commenced construction of the Helguvik project in June 2008. We significantly reduced construction activity and spending on the project in late 2008 in response to the global financial crisis and deterioration of Icelandic economic and political conditions. Construction activity and spending on the project remains significantly curtailed pending confirmation from the contracted power suppliers that they will be able to deliver the required power per an agreed schedule. See "Long-term Supply Contracts – Electrical Power Supply Agreements." We are working to complete the activities required for a full restart of construction activity at Helguvik as soon as we have resolution of the power supply issues. Capitalized costs for the project through December 31, 2012 were approximately $146 million, with approximately $7 million incurred during 2012. See Item 1A, "Risk Factors – Construction at our Helguvik smelter site has been significantly curtailed. Substantial delay in the completion of this project may increase its cost, subject us to losses and impose other risks to completion that are not foreseeable at this time" and "If we are unable to procure a reliable source of power, the Helguvik project may not be feasible."

Power Supply Agreements. Nordural Helguvik has signed electrical power supply agreements with HS and OR to supply power to the Helguvik smelter. Each of HS and OR have alleged that certain conditions to the delivery of power under the power supply agreements have not been satisfied. The first stage of power under the OR power purchase agreement (approximately 47.5 MW) became available in the fourth quarter of 2011. This power is currently being utilized at Grundartangi. No other power is currently available under either power purchase agreement.

Helguvik Investment Agreement. An Enabling Act for an Investment Agreement with the Government of Iceland for Helguvik, which governs certain meaningful aspects of the project such as the fiscal regime, was approved in April 2009 by the Icelandic Parliament. In July 2009, the European Surveillance Authority approved the Investment Agreement and in August 2009 Nordural Helguvik ehf and the Icelandic Minister of Industry executed the agreement. Among other things, the Investment Agreement includes a commitment by the Government of Iceland to assist us in obtaining necessary regulatory approvals for completion of the Helguvik project.

Environmental Impact Assessment. In October 2007, Nordural received a positive opinion from the Icelandic Planning Agency on the Environmental Impact Assessment ("EIA") for the proposed Helguvik smelter.

Transmission Agreement. Nordural Helguvik has entered into a transmission agreement with Landsnet hf ("Landsnet") to provide an electrical power transmission system to the Helguvik project. Landsnet is the company responsible for operating and managing Iceland's transmission system. As a result of delays in construction of the Helguvik project, the parties are currently in discussions with respect to the timeline for construction of the transmission system.

Operating License. In September 2008, the Environmental Agency of Iceland issued an Operating License for the Helguvik smelter project. The license authorizes production of up 250,000 mtpy.

Other agreements. We have also entered into a site and harbor agreement, as well as technology and equipment supply agreements with respect to the Helguvik project.

Carbon Products Facilities

Century Vlissingen

In June 2012, our wholly owned subsidiary, Century Vlissingen purchased substantially all of the assets of the former Zalco anode production facility located in Vlissingen, the Netherlands for approximately $12.5 million. In connection with the purchase, we entered into a ground lease with respect to the facility that is renewable at our option. Century Vlissingen did not assume, and is indemnified against, historical liabilities of the facility.

The anode production facility, which was curtailed by Zalco in December 2011, will require significant capital investment to comply with environmental regulations and optimize anode production for our customers, including our smelter in Grundartangi, Iceland ("Grundartangi") and the planned Helguvik smelter.

Century Vlissingen is expected to restart approximately 75,000 metric tons of annual anode production capacity in late 2013, and ultimately reach an annual anode production capacity of 145,000 metric tons upon completion of the restart of two anode baking furnaces and various capital projects.

Baise Haohai Carbon Company, Ltd.

We have a joint venture agreement with a 40% stake in Baise Haohai Carbon Co., Ltd. (“BHH”), a carbon anode and cathode facility located in the Guangxi Zhuang Autonomous Region of south China. The BHH facility has an anode production capacity of 180,000 mtpy and a cathode baking and graphitization capacity of 20,000 mtpy. Construction of the facility was completed in 2008.

Our investment in the joint venture is accounted for using the equity method of accounting with results of operations reported on a one-quarter lag.

Anode agreement. BHH provides anodes to Grundartangi under a long-term agreement through 2014, renewable through December 31, 2017.

Environmental Matters

We are subject to various environmental laws and regulations both in the U.S. and in other countries. We have spent, and expect 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 Item 3, "Legal Proceedings" and in Note 15 Commitments and contingencies to the consolidated financial statements included herein.

Intellectual Property

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

Employees

As of December 31, 2012, we employed approximately 1,300 employees.

Disclosure Pursuant to Section 219 of the Iran Threat Reduction & 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 activities under ITRA have 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 actions or the actions of its affiliates. As such, pursuant to Section 13(r)(1)(D)(iii) of the Exchange Act, the Company hereby discloses the following information provided by our largest stockholder regarding transactions or dealings with entities controlled by the Government of

Iran ("GOI"):

During 2012, non-U.S. affiliates of the largest stockholder of the Company ("Stockholder Affiliates") entered into sales contracts for wheat and coal as well as sale and purchase contracts for metal oxides and metals with Iranian entities, which are either fully or majority owned by the GOI. The GOI is in the process of privatizing some of these entities. All transactions were conducted 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 these transactions did not exceed the value of $659 million for the twelve months ended December 31, 2012. This figure includes the gross revenue of goods sold in 2012 but purchased in previous years. 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 transactions with the GOI would not exceed a small fraction of the gross revenue from such transactions. It is not possible to determine accurately the precise net profit attributable to these transactions.

The non-U.S. Stockholder Affiliates believe that these transactions disclosed above do not constitute violations of 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 actions under Iran sanction laws.

In accordance with applicable U.S. and foreign sanctions laws, the non-U.S. Stockholder Affiliates expect to continue to engage in similar activities in the future.
Century 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 twelve months ended December 31, 2012 that requires disclosure in this report under Section 13(r) of the Exchange Act.

Item 1A. Risk Factors

The following describes certain of the risks and uncertainties we face that could 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.

The cyclical nature of the aluminum industry causes variability in our earnings and cash flows.

Our operating results depend on the market for primary aluminum, which is a highly cyclical commodity with prices that are affected by global demand and supply, political and economic conditions and other related factors. For example, aluminum warehouse inventory levels are at historically high levels, which may cause primary aluminum prices to fall as such inventory enters the market. Historically, aluminum prices have been volatile, and we expect such volatility to continue. Cash aluminum price, as quoted on the LME, averaged approximately $2,020 per metric ton in 2012; this level is below the average price of approximately $2,290 per metric ton for the previous five years.

Declines in primary aluminum prices reduce our earnings and cash flows. If the price we realize for our products falls below our cost of production, we may choose or be forced to curtail operations to fund our operations. There can be no assurance that we will be able to take actions necessary to curtail operations, if these steps are required. Future downturns in aluminum prices may significantly reduce the amount of cash available to meet our obligations and fund our long-term business strategies and could have a material adverse effect on our business, financial conditions, results of operations and liquidity.

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

Our business depends upon the adequate supply of alumina, electricity, aluminum fluoride, calcined petroleum coke, pitch, finished carbon anodes and cathodes and other materials at competitive prices. Disruptions to the supply of these production inputs could occur for a variety of reasons, including disruptions of production at a particular

supplier's facility or power plant. For some of these production inputs, such as power and anode supply, we rely on a single or limited number of suppliers. Many of our supply agreements 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. We have notified the power supplier to our Hawesville facility of our intention to terminate the power contract for the facility, and are currently in disputes or negotiations with certain of the power providers to our Icelandic facilities.

Any disruption may require us to purchase these products on the spot market on less favorable terms than under our current agreements due to the limited number of suppliers of these products or other market conditions. In some instances, we may be unable to secure alternative supply of these resources. In addition, we may not be able to obtain alumina in the future at prices that are based on the LME. Because we sell our products based on the LME price for primary aluminum, we would not be able to pass on any increased costs of raw material that are not linked to the LME price to our customers. A disruption in our materials or electricity supply may adversely affect our operating results if we are unable to secure alternate supplies of materials or electrical power at comparable prices.

Certain of our alumina and electricity supply contracts contain “take-or-pay” obligations.

We have obligations under certain contracts to take-or-pay for specified quantities of alumina and electricity over the term of those contracts regardless of our operating requirements. Our financial position and results of operations may therefore be adversely affected by the market price for alumina and electric power even if we were to curtail unprofitable production capacity (or delay construction of new capacity) 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 electrical power or raw materials 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 electricity or raw materials and may have a material adverse effect on our business, financial position, results of operations and liquidity.

Increases in electricity costs adversely affect our business.

Electricity represents our single largest operating cost. As a result, the availability of electricity at economic prices is critical to the profitability of our operations. Portions of the contracted cost of the electricity supplied to Mt. Holly and all of Hawesville’s electricity costs vary with the supplier’s costs. An increase in these costs would increase the price these facilities pay for electricity. Costs under the Hawesville electricity contract have substantially increased in recent years with rising fuel prices and other factors. As these contracts have take-or-pay type provisions, the financial position, results of operations and cash flows of Hawesville and Mt. Holly may be adversely affected by the price for electric power even if we curtail unprofitable production capacity. Significant increases in electricity costs at any of our operations may have a material adverse effect on our business, financial condition, results of operations and liquidity. While natural gas based power facilities may provide lower priced alternatives to coal based power facilities, we may be unable to take advantage of such lower costs due to our existing power contracts.

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 of power 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. Interruptions 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. See “Unpredictable events, including natural disasters, dangerous weather conditions, terrorist attacks and political unrest, may adversely affect our ability to conduct business” below. At several of our facilities, an alternative supply of power in the event of a disruption may not be feasible. If such a condition were to occur, we may lose production for a prolonged period of time and incur significant losses.

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 during periods of unusually high demand. 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.

We have notified our power provider at Hawesville of our intention to terminate its power contract; if we are unable to successfully negotiate better power pricing, we might close the facility.

Our subsidiary, Century Aluminum of Kentucky, has issued a 12-month notice to terminate its power contract with Kenergy for the Hawesville smelter effective 2013. During the 12-month notice period, Century is required to pay a demand charge for power, but is not obligated to continue operating the plant. We believe that our Hawesville facility would be competitive globally but for the price it pays for electric power, which is among the highest such rates for smelters in the U.S. Under current economic conditions, we have determined that the smelter is not economically viable with this power rate and that we must obtain better power pricing to maintain its viability. Upon termination of our power contract, Century will be required to make alternative power arrangements to pay spot prices for power at the plant, which are subject to variability. In addition, Kenergy or other third parties may seek to challenge our ability to operate the plant under alternative power arrangements. If circumstances change, we may try to enter into a hedging arrangement with respect to power prices at the plant, which could be expensive and may require collateral. We cannot assure you that we will be able to obtain better pricing, in which case we may proceed with closing the facility. Such a closure would impose various costs on us that could have a material adverse effect on our business, financial condition, results of operations and liquidity.

In addition, uncertainty regarding the future operation of the smelter may damage our relationship with our customers, suppliers, employees and other stakeholders, whether or not the smelter is ultimately curtailed for instance, due to the gradual nature of any curtailment, we may need to take actions to terminate customer and supply contracts, curtail individual potlines, or issue WARN notices to employees well in advance of the termination of the power contract. Customers and suppliers may also become unwilling to renew existing contracts or enter into new contracts with us. It may also become more difficult to attract and retain employees. Such actions and events could have a material adverse effect on our business, financial condition, results of operations and liquidity.

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

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

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

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

Iceland is important to our business. Disruptions in Iceland’s economic, financial and political systems have decreased the stability of Iceland’s economy and financial markets and made cash management activities in Iceland more challenging. For example, the Icelandic government and the Central Bank of Iceland are restricting the transfer of funds into and outside of Iceland. While we are currently exempt from these foreign currency rules, we cannot control

further actions by the Central Bank of Iceland which might restrict our ability to transfer funds through the Icelandic banking system and outside of Iceland. While we currently maintain essentially all of our Icelandic operating funds in accounts outside of Iceland, and are receiving substantially all of our customer payments in such accounts, a portion of our funds remain in the Icelandic banks to meet local working capital requirements. In addition, as payables become due in Iceland, we must transfer funds through the Icelandic banking system. If economic, financial or political conditions in Iceland deteriorate, or if counterparties and lenders become unwilling to engage in normal banking relations with and within Iceland, our ability to operate our Grundartangi smelter, including paying vendors, processing payroll and receiving payments, as well as our ability to complete the Helguvik project, could be adversely impacted, any of which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Curtailment of unprofitable aluminum production at our U.S. facilities could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Curtailing unprofitable production to reduce our operating costs requires us to incur substantial expense, 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. Our subsidiary, CAKY, has issued a 12-month notice to terminate its power contract for the Hawesville smelter and may curtail operations if it is unable to negotiate satisfactory power pricing. See "We have notified our power provider at Hawesville of our intention to terminate its power contract; if we are unable to successfully negotiate better power pricing, we might close the facility" above.

If we are unable to realize the intended effects of any production curtailment, including at our currently curtailed Ravenswood facility, or if any production curtailment does not achieve sufficient reduction in operating expenses, we may have to seek bankruptcy protection for some or all of our U.S. subsidiaries and/or may be forced to divest some or all of our U.S. subsidiaries. If we were to seek bankruptcy protection for these subsidiaries, we would face additional risks. Such action could cause concern among our customers and suppliers generally, distract our management and our other employees and subject us to increased risks of lawsuits. Other negative consequences could include negative publicity, which could have a material negative impact on the trading price of our securities and negatively affect our ability to raise capital in the future.

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

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, including construction at our Helguvik smelter site and the expansion programs at our Grundartangi smelter and Vlissingen anode production facility. In addition, if we were to resume operations at our Ravenswood smelter, we would incur substantial capital expenditures, working capital funding and operating expenses. 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. Changes in U.S. and global economic conditions, including material cost increases and decreases in economic activity, and the success of plans to manage costs, inventory and other important elements of our business, may significantly impact our ability to generate funds from operations. If, among other factors, primary aluminum prices were to decline, our costs are higher than contemplated, we suffer unexpected production outages, or Icelandic laws change and either increase our tax obligations or limit our access to cash flow from our Icelandic operations, we would need to identify additional sources of liquidity.

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 condition, results of operations and liquidity.

Construction at our Helguvik smelter site has been significantly curtailed. Substantial delay in the completion of this project may increase its cost, subject us to losses and impose other risks to completion that are not foreseeable at this time.

Nordural Helguvik ehf, our indirect, wholly owned subsidiary, has significantly curtailed construction activity and spending at our Helguvik project in response to the recent global economic conditions, Icelandic economic and

political conditions and ongoing negotiations with the power companies contracted to provide power to the Helguvik project. See "If we are unable to procure a reliable source of power, the Helguvik project may not be feasible," and "If economic, financial and political conditions in Iceland were to deteriorate, our financial position and results of operations could be adversely impacted." Nordural Helguvik cannot be certain when or if it will restart major construction and engineering activities or ultimately complete the Helguvik project or, if completed, that the Helguvik smelter would operate in a profitable manner. We will not realize any return on our significant investment in the Helguvik project until we are able to commence Helguvik operations in a profitable manner. If we fail to achieve operations at Helguvik, we may have to recognize a loss on our investment, which would have a material adverse impact on our earnings.

Many of the contractual arrangements related to the Helguvik project have time periods for performance. The delay in restarting major construction and completing the Helguvik project has caused Nordural Helguvik to renegotiate and extend, or undertake to renegotiate and extend, existing contractual commitments, including with respect to power, transmission, technology, equipment and construction. There can be no assurance that the contractual arrangements and conditions, including extensions, necessary to proceed with construction of the Helguvik project will be obtained or satisfied on a timely basis or at all. In addition, such approvals or extensions may be subject to conditions that are unfavorable or make the project impracticable or less attractive from a financial standpoint. We may also become liable to some of our suppliers for damages relating to delays in the project. For instance, the first stage of power under one of the Helguvik power purchase agreements (approximately 47.5 MW) became available in the fourth quarter of 2011 and we are obligated to take or pay for at least 85% of such power. This power is currently being utilized at Grundartangi, but the power providers to Grundartangi have disputed our ability to do so in an arbitration proceeding. If we are unable to utilize such power at Grundartangi, we may be subject to significant damages as a result.

Even if we receive the necessary approvals and extensions on terms that we determine are acceptable, the construction of this project is a complex undertaking. There can be no assurance that we will be able to complete the project within our projected budget and schedule. To successfully execute this project, in addition to procuring a reliable source of power, we will need to arrange additional financing and either enter into tolling arrangements or secure a supply of alumina as well as other materials. Furthermore, unforeseen technical difficulties could increase the cost of the project, delay the project or render the project infeasible.

We intend to finance our future capital expenditures from future capital raising, available cash and cash flow from operations. We may be unable to raise additional capital, or do so on attractive terms, due to a number of factors, including a lack of demand, poor economic conditions, interruptions in the capital markets, unfavorable interest rates or our financial condition or credit rating at the time. If additional capital resources are unavailable, we may further curtail construction and development activities.

Further delay in the completion of the project or increased costs could have a material adverse effect on our business, financial condition, results of operations and liquidity.

If we are unable to procure a reliable source of power, the Helguvik project may not be feasible.

The Helguvik project will require generation and transmission of a substantial amount of electricity to power the smelter. Nordural Helguvik has entered into agreements with two providers of geothermal power, HS and OR. Each of HS and OR has alleged that certain conditions to the delivery of power under the power agreements have not yet been satisfied. If we are unable to reach agreement with each of HS and OR, we may have to seek alternative sources of power, incur substantially increased power costs or further curtail construction activities of the Helguvik project. Due to the limited number of Icelandic power providers with resources sufficient to provide power to the Helguvik project (only three are currently in operation in Iceland), we may find it difficult or impossible to procure additional sources of power if HS and OR do not perform under their existing agreements and may be unable to complete construction of the smelter. If we agree to pay increased prices for power or substantially delay or are unable to complete the Helguvik project, we may have to recognize a substantial loss on our investment. Any failure to complete the Helguvik project, or any further delays in completing the project could have a material adverse effect on our business, financial condition, results of operations and liquidity.

The generation of the contracted power for the Helguvik project will also require successful development of new geothermal energy sources within designated areas in Iceland and completion of the necessary transmission infrastructure to service the Helguvik project. If there are construction delays or technical difficulties in developing

these new geothermal energy sources or transmission infrastructure, power may be delayed or may not be available. Development of the generation and transmission infrastructure is expensive and requires significant resources from the power and transmission providers. Factors which could delay or impede the generation and transmission of electric power are substantially beyond our ability to control, influence or predict, including the power and transmission providers' ability to finance and obtain necessary permits, real property and other rights for the development of new geothermal energy sources and associated transmission infrastructure. In addition, if Nordural Helguvik is unable to proceed with the Helguvik project, it may incur significant reimbursement obligations for certain costs incurred by third party providers under transmission and other agreements entered into in connection with the Helguvik project and remain subject to significant power commitments already confirmed under its agreement with OR. If the power or transmission providers are unable to provide or transmit the contracted amounts of power, such failure could substantially delay or make the Helguvik project infeasible and could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Union disputes could raise our production costs or impair our production operations.

The bargaining unit employees at our Grundartangi, Hawesville and Ravenswood smelters are represented by labor unions. 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. 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 unionized facilities, which could have a material adverse effect on our financial condition, results of operations and liquidity.

We could be adversely affected by the loss of a major customer or changes in the business or financial condition of our major customers.

In 2012, we derived approximately 85% of our consolidated sales from our three major customers: Southwire, Glencore and BHP Billiton. We currently have long-term primary aluminum sales or tolling contracts with each of these customers. However, a significant downturn or further deterioration in the business or financial condition of one of these major customers could affect our results of operations. In addition, a loss of any of these customers or failure to renew one of these major contracts could have a material adverse effect on our financial condition, results of operations and liquidity.

Our ability to access the credit and capital markets on acceptable terms may be limited due to our credit ratings, our financial condition or the deterioration of these markets.

Our credit rating was, and continues to be, adversely affected by unfavorable market and financial conditions, curtailment of our Ravenswood smelter and the substantial levels of our existing indebtedness. Our availability under our revolving credit facility is dependent on our domestic accounts receivable and inventory which secure the facility. Curtailment of production capacity at Ravenswood has reduced the amount of domestic accounts receivable and inventory available to secure this facility and further curtailments of domestic production capacity could further reduce availability under our revolving credit facility. Our existing credit ratings, or any future negative actions the credit agencies may take, could negatively affect our ability to access the credit and capital markets in the future and could lead to worsened trade terms, increasing our liquidity needs. In addition, approximately $252 million of our existing debt under our 8.0% Notes and 7.5% Notes will become due in 2014. An inability to access capital and credit markets when needed in order to refinance our existing debt, raise new debt or equity or otherwise could have a material adverse effect on our business, financial condition, results of operations and liquidity.

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 us 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, competitors with superior cost positions to ours 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 condition, results of operations and cash flows could be materially and adversely affected.

Because we own less than a majority of some of our operating assets, we cannot exercise complete control over their operations.

We have limited control over the operation of some of our operating assets, including the Mt. Holly smelter and the BHH carbon anode and cathode facility, because we beneficially own less than a majority of the ownership interests in

such assets. While we seek to exert as much influence with respect to the management and operation of such assets as possible, we are dependent on our co-owners to operate such assets. Our co-owners may not have the level of experience, technical expertise, human resource management and other attributes to operate these assets optimally. In addition, our co-owners may have interests, objectives and incentives with respect to such assets that differ from our own.

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, 2012, we had an aggregate of approximately $261 million principal amount of outstanding debt, $252 million of which will become due in 2014. 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, because a substantial portion of our cash flow from operations must be dedicated to servicing our debt; 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 future borrowings on our credit facility are at variable interest rates, and future borrowings required to fund working capital at our businesses, construction of the Helguvik project, 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. In addition to our debt, we have liabilities and other obligations which could reduce cash available for other purposes and could limit our operational flexibility.

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 condition, 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 revolving credit facility and the indenture governing the 8.0% Senior Secured Notes due 2014 (the "8.0% Notes") limits 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. For example, as of December 31, 2012, approximately $50 million was available to us for borrowing under our revolving credit facility. In addition, the loan and security agreement governing our revolving credit facility and the indenture governing the 8.0% Notes do not prevent us from incurring certain obligations that do not constitute debt as defined in these agreements. To the extent that we incur additional debt or such other obligations, the risks associated with our substantial debt described above, including our possible inability to service our debt or other obligations, would increase.

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

We are a holding company and conduct all of our operations through our subsidiaries. Our ability to meet our debt service obligations depends upon the receipt of intercompany transfers from our subsidiaries. Subject to the restrictions contained in our revolving credit facility and the indenture governing our 8.0% Notes, future borrowings

by our subsidiaries could contain restrictions or prohibitions on intercompany transfers by those subsidiaries. In addition, under applicable law, our subsidiaries could be limited in the amounts that they are permitted to pay as dividends on their capital stock. For example, the Icelandic government and the Central Bank of Iceland are currently restricting the free transfer of funds outside of Iceland. While we are currently exempt from these foreign currency rules, we cannot control further actions by the Central Bank of Iceland which might restrict our ability to transfer funds through the Icelandic banking system and outside of Iceland.

Future declines in the financial markets and/or our curtailment actions could have significant and adverse effects on our pension funding obligations.

We maintain two qualified defined benefit plans, and contribute to a third, on behalf of our employees. As a result of poor investment returns and historically low discount rates which result in higher pension liabilities, the benefit plans we maintain were underfunded as of December 31, 2012. If capital markets experience further significant losses, pension fund balances would likely fall and additional cash contributions to the pension funds will be required. Additionally, in June 2011, the Pension Benefit Guaranty Corporation (the “PBGC”) informed us that it believed that a “cessation of operations” under the Employee Retirement Income Security Act of 1974 (“ERISA”) had occurred at our Ravenswood facility as a result of the curtailment of operations at the facility and requested that we engage in discussions with the PBGC relating thereto. While we do not believe a “cessation of operations” under ERISA has occurred, if such a determination is ultimately made by the PBGC, it may be necessary for CAWV to accelerate the timing of additional contributions to certain of its defined pension plans or post other collateral with the PBGC or negotiate an alternative agreement.

We may be required to write down the book value of certain assets.

We are required to perform various analyses related to the carrying value of various assets whenever events or circumstances indicate that their net carrying amount may not be recoverable. Given the recent lack of profitability of certain of our production facilities and recent global economic conditions, which in part drive assumptions for the future in such analyses, we could have significant adjustments in the carrying value for certain assets. For instance, if we do not eventually resume operations at Ravenswood, we may be required to recognize a loss related to all or a portion of the assets of this facility. In the future, we will continue to evaluate our assets for impairments and valuation allowance, which could be significant. Any such adjustments would be in the form of a non-cash charge which would reduce our earnings and reduce our balance of retained earnings. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Climate change, climate change legislation or regulations and greenhouse effects may adversely impact our operations.

Climate change and greenhouse gas emissions are the subject of significant attention in the countries in which we operate and a number of governments or governmental bodies in these countries have introduced or are contemplating legislative and regulatory change in response to the potential impacts of climate change. For example, as a member of the European Economic Area and a signatory to the Kyoto Protocol, Iceland has implemented legislation to abide by the Kyoto Protocol and prepare to abide by Directive 2003/87/EC of the European Parliament which establishes a “cap and trade” scheme for greenhouse gas emission allowance trading. Because Iceland was granted emissions allowances under the Kyoto Protocol through 2012, Iceland has implemented Directive 2003/87/EC, and is complying with the Directive by participating in the EU Emission Trade Scheme (the "ETS") from January 1, 2013. Although we will receive approximately 90 % of needed carbon dioxide allowances for the Grundartangi smelter free of charge, the economic impact of implementing this system is not fully known as cost of allowances could rise and we cannot be certain that Helguvik will be granted free allowances if the project is completed.

In addition, we are aware of proposed U.S. legislation that if enacted, among other things, would implement a “cap and trade” system of allowances and credits in the United States or otherwise impose significant costs on us and our suppliers and customers.

Implementation of these potential regulatory changes or others is uncertain and may be either voluntary or legislated and may impact our operations directly or indirectly through customers or our supply chain. As a result of the foregoing, we may incur increased capital expenditures resulting from required 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 costs 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 condition, results of operations and liquidity.

We are subject to a variety of environmental laws and regulations that could result in costs or liabilities.

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. In addition, we 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.

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

We receive a significant portion of our revenues from operations in areas that have heightened risk of natural disasters, including Iceland. Iceland suffered several natural disasters and extreme weather events in 2010, 2011 and 2012, including significant volcanic eruptions and earthquakes. In addition, our Grundartangi smelter lost power for approximately three hours in January 2012 as the result of damage sustained due to abnormal and extreme weather conditions at an off site electrical substation owned and operated by the national power grid operator.

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

Acquisitions may present difficulties.

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.

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 condition, results of operations and liquidity.

Any restart of the Ravenswood smelter would involve significant risks and uncertainties

In 2009, we curtailed all operations at our Ravenswood smelter. Any potential restart of operations at the Ravenswood smelter would involve significant risks and uncertainties, including:

- we may spend time and incur significant costs and liabilities pursuing a restart that does not occur or that does not achieve the anticipated benefits; and
- it may be challenging for us to manage our existing business as we restart operations at Ravenswood.

Accordingly, any potential restart of operations at Ravenswood might not ultimately improve our competitive position and business prospects as anticipated and may subject us to additional liabilities that could have a material adverse effect on our business, financial condition, results of operations and liquidity.

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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, 2012, we had federal net operating loss carryforwards of approximately $1.2 billion, after adjusting for losses carried back to previous tax years, which could offset future taxable income. Our ability to utilize our deferred tax assets to offset future federal taxable income may be significantly limited if we experience an “ownership change” as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”). In general, an ownership change would occur if our “five−percent shareholders,” as defined under the Code, collectively increase their ownership in us by more than 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.

Item 1B. Unresolved Staff Comments

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

Item 2. Properties

We own the property on which our Hawesville and Ravenswood facilities are located. The site on which the Grundartangi facility is situated is leased from Faxafloahafnir sf under a long-term lease that runs through 2020, renewable at our option. The site for our Helguvik project is leased from Reykjaneshofn, an independent public authority owned by the Municipality of Reykjanesbaer, under a long-term lease expected to run through 2060, with an automatic extension provision. The site for the Vlissingen anode production facility is leased under a long-term lease that runs through 2017, automatically renewable for five year terms through 2042. Century may terminate the Vlissingen lease in 2013 if the required permits and licenses to operate the facility are not obtained. Our corporate offices in Monterey and Chicago are subject to operating leases that expire in June 2015 and September 2024, respectively. We hold a 49.7% interest in a partnership which operates the Mt. Holly facility and a 49.7% undivided interest in the property on which the Mt. Holly facility is located. The remaining interest in the undivided property at Mt. Holly is owned by Alumax of South Carolina, Inc., a subsidiary of Alcoa.

Except for our Ravenswood facility, which was fully curtailed in February 2009, and our Vlissingen facility, which is currently idled and expected to resume operations in late 2013, all of our facilities are operating above, at or near their rated production capacity. We believe all of our facilities are suitable and adequate for our current operations. Additional information about the age, location, and productive capacity of our facilities is available in the “Overview” section of Item 1, “Business.”

Item 3. Legal Proceedings

For information regarding legal proceedings pending against us at December 31, 2012, refer to Note 15 Commitments and contingencies to the consolidated financial statements included herein.

Item 4. Mine Safety Disclosures

Not applicable.

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Our Executive Officers

Executive officers are appointed by and serve at the discretion of the Board of Directors. The following table details certain information about our executive officers as of March 18, 2013.

Name	Age	Position and Duration
Michael A. Bless	47	President and Chief Executive Officer since November 2011. Executive Vice President and Chief Financial Officer from January 2006 to October 2011.
Jesse E. Gary	33	Executive Vice President, General Counsel and Secretary since February 2013. Associate General Counsel and Assistant Secretary from June 2010 to January 2013. Associate General Counsel from February 2010 to May 2010.
Steve Schneider	57	Senior Vice President, Chief Accounting Officer and Controller since June 2006, Vice President and Corporate Controller from April 2002 through May 2006.
Michelle M. Harrison	37	Senior Vice President, Finance and Treasurer since January 2013,Vice President and Treasurer from February 2007 to December 2012, Treasurer since June 2006, Assistant Treasurer from November 2005 to June 2006, Corporate Financial Analyst from May 2000 to October 2005.
John E. Hoerner	55	Vice President – North America Operations since September 1, 2011.
David Kjos	60	Vice President of Major Projects, Technology and Sustainability since October 2011. Vice President Operations – Iceland from June 2007 to September 2011.

Prior to joining Century, Mr. Gary practiced law at Wachtell, Lipton, Rosen & Katz from July 2007 to January 2010 and at Skadden, Arps, Slate, Meagher and Flom LLP from October 2005 to June 2007.

Prior to joining Century, Mr. Hoerner served as General Director of Finished Production for the Western Division of RUSAL from 2010 to August 2011 and Managing Director of Kubikenborg Aluminium in Sundsvall, Sweden (Kubal) from 2003 through 2010.

Prior to joining Century, Mr. Kjos was the Vice President and Director of Cygnus, Inc. from February 2006 through June 2007.

Messrs. Bless, Schneider and Ms. Harrison joined Century in 2006, 2001 and 2000, respectively. Their respective biographical information is set forth in the table above.

PART II

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

Market Information

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

	2012		2011	
	High sales price	Low sales price	High sales price	Low sales price
First quarter	$11.30	$8.57	$19.00	$13.90
Second quarter	9.46	6.51	20.76	13.60
Third quarter	8.50	5.52	16.55	8.72
Fourth quarter	8.84	6.63	12.30	7.25

Holders

As of March 5, 2013, there were 27 holders of record of our common stock, which does not include the much larger number of beneficial owners whose common stock was held in street name or through fiduciaries.

Dividend Information

We did not declare dividends in 2012 or 2011 on our common stock. We do not plan to declare cash dividends in the foreseeable future.

Our revolving credit facility and the indenture governing our 8.0% Notes contain restrictions which limit our ability to pay dividends. Additional information about the terms of our long-term borrowing agreements is available at Note 6 Debt to the consolidated financial statements included herein.

Stock Performance Graph

The following line graph compares Century Aluminum Company's cumulative total return to stockholders with the cumulative total return of the S&P Composite Index and the Morningstar Aluminum Index. These comparisons assume the investment of $100 on December 31, 2007 and the reinvestment of dividends.

Comparison of Cumulative Total Return to Stockholders December 31, 2007 through December 31, 2012

As of December 31,	2007	2008	2009	2010	2011	2012
Century Aluminum Company	$100	$121	$22	$36	$35	$19
Morningstar Aluminum Index	100	145	42	72	72	39
S&P 500 Index	100	105	66	84	97	99

Issuer Purchases of Equity Securities during the three months ended December 31, 2012

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1 through October 31	—	$—	—	$10,076,076
November 1 through November 30	—	—	—	10,076,076
December 1 through December 31	—	—	—	10,076,076
Total for quarter ended December 31, 2012	—	$—	—	$10,076,076

(1) On August 11, 2011, our Board of Directors authorized a $60 million stock repurchase program. Under the program, Century is authorized to repurchase up to $60 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.

Item 6. Selected Financial Data

The following table presents selected consolidated financial data for each of the last five fiscal years. The selected consolidated historical balance sheet data as of December 31, 2012 and 2011 and the selected consolidated statement of operations data for December 31, 2012, 2011 and 2010 is derived from our consolidated financial statements audited by Deloitte & Touche LLP included herein. The selected consolidated historical balance sheet data as of each of the years ended December 31, 2010, 2009 and 2008 and the selected consolidated statement of operations data for each of the years ended December 31, 2009 and 2008 is derived from our consolidated financial statements audited by Deloitte & Touche LLP which are not included herein.

Our selected historical results of operations include:

- the restart of the curtailed potline at our 244,000 mtpy Hawesville smelter in the second quarter of 2011;
- the curtailment of operations of our 170,000 mtpy Ravenswood smelter which became fully curtailed in the first quarter of 2009;
- the curtailment of one potline at our 244,000 mtpy Hawesville smelter in the first quarter of 2009;
- our equity in the earnings and related losses on disposition of our 50% joint venture investments in Gramercy Alumina LLC and St. Ann Bauxite Ltd. prior to divesting our interest in those companies in August 2009; and,
- our equity in the earnings of our 40% joint venture investments in Baise Haohai Carbon Co. since we acquired an interest in that company in April 2008.

Our results for these periods and prior periods are not fully comparable to our results of operations for fiscal year 2012 and may not be indicative of our future financial position or results of operations. The information set forth below 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,				
	2012 (1)	2011 (2)	2010 (3)	2009 (4)	2008 (5)
	(dollars in thousands, except per share amounts)				
Net sales	$1,272,111	$1,356,424	$1,169,271	$899,253	$1,970,776
Gross profit (loss)	46,342	89,522	112,396	(65,665)	311,624
Operating income (loss)	(7,274)	47,296	102,980	(97,456)	168,557
Net income (loss)	(35,610)	11,325	59,971	(205,982)	(895,187)
Income (loss) per share:					
Basic and diluted	$(0.40)	$0.11	$0.59	$(2.73)	$(20.00)
Dividends per common share	$—	$—	$—	$—	$—
Total assets	1,776,326	1,811,094	1,923,056	1,861,750	2,035,358
Total debt (6)	273,766	271,285	314,919	298,678	435,515
Long-term debt obligations (7)	265,951	263,470	261,621	247,624	275,000

	Year Ended December 31,				
	2012 (1)	2011 (2)	2010 (3)	2009 (4)	2008 (5)
	(in dollars)				
Other information:					
Shipments – Primary aluminum:					
Direct shipments (MT)	377,314	334,889	317,940	329,327	532,320
Toll shipments (MT)	269,215	267,253	267,455	275,799	271,451
Average realized price per metric ton:					
Direct shipments	$2,265	$2,577	$2,297	$1,728	$2,700
Toll shipments	$1,544	$1,839	$1,634	$1,198	$1,966
Average LME price:					
Per metric ton	$2,020	$2,398	$2,173	$1,665	$2,573
Average Midwest premium:					
Per metric ton	$218	$169	$138	$104	$93

(1) Net loss includes a benefit of $19.8 million for lower of cost or market inventory adjustments, an unrealized net loss on forward contracts of $3.0 million primarily related to the mark to market of aluminum price protection options, and a net benefit of $4.1 million related to certain litigation items.

(2) Net income includes a charge of $19.8 million for lower of cost or market inventory adjustments, an after-tax benefit of $18.3 million for changes to the Century of West Virginia retiree medical benefits program, a charge related to the restart of a curtailed potline at Hawesville of $8.6 million and a charge of $7.7 million in the second quarter related to contractual impact of changes in our Board of Directors and executive management team.

(3) Net income includes an after-tax benefit of $56.7 million for changes to the Century of West Virginia retiree medical benefits program, a charge of $10.5 million for mark-to-market losses for primary aluminum price protection options and a charge for contractual termination pension benefits of $4.6 million due to the continued curtailment of the Ravenswood facility.

(4) Net loss includes an after-tax charge of $73.2 million for loss on disposition of our equity investments in Gramercy and St. Ann, an after-tax charge of $41.7 million of curtailment costs for our U.S. smelters, an after-tax benefit of $57.8 million for gains related to the termination of a power contract and a replacement power contract at Hawesville and a benefit of $14.3 million for discrete tax adjustments.

(5) Net loss includes an after-tax charge of $742.1 million (net of gain on settlement) for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting, a $515.1 million tax adjustment to establish reserves on deferred tax assets, a $94.9 million charge for goodwill impairment and an inventory write down to market value of $55.9 million.

(6) Total debt includes all long-term debt obligations, the contingent obligation to E.ON for payments made by E.ON above an agreed amount on CAKY's behalf to Big Rivers under the Big River Agreement (the "E.ON contingent obligation") and any debt classified as short-term obligations, net of any debt discounts, including current portion of long-term debt, the IRBs and the 1.75% Notes.

(7) Long-term debt obligations are all payment obligations under long-term borrowing arrangements, including the E.ON contingent obligation and excluding the current portion of long-term debt and net of any debt discounts.

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

Overview

We produce primary aluminum. The aluminum industry is cyclical and the price of primary aluminum (which trades as a commodity) is determined by global supply and demand, among other factors. The key determinants of our results of operations and cash flow from operations are as follows:

- Our selling price is based on the LME price of primary aluminum and is influenced by regional premiums and, at certain times, by fixed price sales contracts. In addition, we earn further premiums on value-added products.
- In normal circumstances, our facilities operate at or near capacity, and fluctuations in volume, other than through curtailments, acquisitions or expansion, generally are small.
- The principal components of cost of goods sold are alumina, electrical power, labor and carbon products, which in aggregate exceed 80% of our cost of goods sold. Many of these costs are governed by long-term contracts.

Shipment volumes, average realized price and cost of goods sold per metric ton shipped are our key performance indicators. Revenue can vary significantly from period to period due to the fluctuations in the LME and Midwest price of primary aluminum. Any adverse changes in the conditions that affect shipment volumes or the market price of primary aluminum could have a material adverse effect on our results of operations and cash flows. Fluctuations in working capital are influenced by shipments, the LME and Midwest price of primary aluminum, cost of electricity and materials, and by the timing of cash receipts from major customers and disbursements to our suppliers.

Our operating results vary significantly with changes in the price of primary aluminum and the materials used in its production, including electrical power, alumina, aluminum fluoride, calcined petroleum coke, pitch, finished carbon anodes and cathodes. Because we sell our products based principally on the LME price for primary aluminum, we cannot pass on increased 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 pricing some of our raw materials and energy contracts based on LME prices, 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.

Electricity represents our single largest operating cost. As a result, the availability of electricity at competitive prices is critical to the profitability of our operations. Portions of the contracted cost of the electricity supplied to Mt. Holly and all of Hawesville’s electricity costs vary with the supplier’s costs. An increase in these costs would increase the price these facilities pay for electricity. Costs under the Mt. Holly and Hawesville electricity contracts have substantially increased in recent years, due in part to rising fuel prices and environmental compliance costs. As these contracts have take-or-pay type provisions, the financial position, results of operations and cash flows of Hawesville and Mt. Holly may be affected by the price for electric power even if we curtailed production capacity at these facilities.

We expect that future electric power costs in the U.S. will present both challenges and opportunities to our domestic smelting operations. Proposed environmental rules affecting coal-fired power plants are expected to have a disproportionate impact on the electrical power providers for our smelting operations in Kentucky, South Carolina and West Virginia. Under the proposed regulations by the EPA, new limits on the emission on mercury, sulfur dioxide and other toxic air pollutants would require existing power plants to make significant capital investments in order to comply with the new standards. We expect that these new rules will result in power providers shutting down a significant portion of their coal-fired power generation capacity. The power generating facilities that remain open will incur substantial compliance costs. The reduced power generation capacity and the additional compliance costs are forecasted to put upward pricing pressure for electrical power, particularly in areas with high concentrations of coal-fired power generation facilities like Kentucky and West Virginia.

The prospects for coal-fired power generation facilities and the growing abundance of natural gas supplies at historically low prices have resulted in significant changes across the power market in the U.S. Our smelters in Kentucky and South Carolina face some of the highest power tariffs for aluminum smelters in the U.S. At the same time, developments in the U.S. power markets, including the discovery and exploitation of "shale" gas, have led to the availability of lower priced power in competitive wholesale markets. Despite this fact, there are many risks and challenges to accessing and securing a long-term adequate supply of market-priced power. Our existing power agreements would require amendments or termination and future market prices for power could be volatile depending on a variety of conditions affecting this market. See Item 1A, "Risk Factors –- We have notified our power provider at Hawesville of our intention to terminate its power contract; if we are unable to successfully negotiate better power pricing, we might close the facility." We have had some success accessing market-priced power at Mt. Holly and we are working to put in place an arrangement in Kentucky. In addition, such a structure could be an option for Ravenswood. Our ability to access market-based power in the U.S. could allow our domestic smelting operations to be more competitive in the global market for primary aluminum and would be a key factor in the long term viability of these facilities. However, there can be no assurance that we will be able to successfully implement this strategy.

During 2012, Mt. Holly and Santee Cooper amended the terms of Mt. Holly's power agreement in order to allow Mt. Holly to receive all or a portion of Mt. Holly's supplemental power requirements from an off-system natural gas-fired power generation facility (the “off-system facility”). The energy charge for supplemental power from the off-system facility is based on the cost of natural gas rather than Santee Cooper's system average fuel costs, which are primarily coal-based. The amendments to the power agreement may provide a benefit to Mt. Holly provided that natural gas costs remain below Santee Cooper's system average fuel costs. The amended power agreement provides that Mt.

Holly may continue to receive its supplemental power requirements from the off-system facility through December 31, 2015.

In August 2012, CAKY issued a 12-month notice to terminate its power contract with Kenergy, a member cooperative of Big Rivers, for Hawesville. During the 12-month notice period, we will be required to pay a demand charge for power, but we are not obligated to continue operating the plant. CAKY is engaged in discussions with Big Rivers, Kenergy and other stakeholders to access the wholesale market for power.

The average LME price for primary aluminum for 2012 was $2,020 per metric ton. The average LME price in 2012 was down from $2,398 per metric ton in 2011 and $2,173 per metric ton in 2010. Demand for aluminum products improved in 2012 with strong growth in Asia and some improvement in the U.S. ; however, robust supply growth, especially in China, more than offset the increase in consumption. In addition, aluminum inventories remain at historically high levels putting further downward pressure on aluminum prices.

In addition to the LME, our aluminum products receive local market premiums for delivery is the U.S. Midwest and European Union. These local market premiums have surged to historic levels due to a number of factors, including aluminum financing transactions as well as limitations on warehouse load out requirements. The economic attractiveness of aluminum financing transactions is influenced by the slope of the forward curve, interest rates, warehouse rents and other factors. Warehouse load out requirements are set by the London Metal Exchange. It is not possible to predict how long the current conditions will continue.

Recent Developments

Grundartangi expansion program

The Grundartangi expansion program, a $65 million capital expenditure project, is expected to increase production capacity at Grundartangi by approximately 40,000 mtpy over the next four years.

Mt. Holly amends power contract

Effective June 1, 2012, Mt. Holly and Santee Cooper amended the terms of Mt. Holly's power agreement in order to allow Mt. Holly to receive all or a portion of Mt. Holly's supplemental power requirements from an off-system natural gas-fired power generation facility (the “off-system facility”). The energy charge for supplemental power from the off-system facility is based on the cost of natural gas rather than Santee Cooper's system average fuel costs, which are primarily coal-based. The amendments to the power agreement may provide a benefit to Mt. Holly provided that natural gas costs remain below Santee Cooper's system average fuel costs. The amended power agreement provides that Mt. Holly may continue to receive its supplemental power requirements from the off-system facility through December 31, 2015.

Hawesville issues 12-month notice to terminate power contract

In August 2012, CAKY issued a 12-month notice to terminate its power contract with Kenergy, a member cooperative of Big Rivers, for Hawesville. During the 12-month notice period, we will be required to pay a demand charge for power, but we are not obligated to continue operating the plant. We believe that the contract price Hawesville pays for electric power under the Big Rivers Agreement is among the highest rates for smelters in the U.S. CAKY is engaged in discussions with Big Rivers, Kenergy and other stakeholders to access the wholesale market for power.

Century purchases carbon anode assets in the Netherlands

In June 2012, our wholly owned subsidiary, Century Vlissingen, purchased substantially all of the assets of the former Zalco anode production facility located in Vlissingen, the Netherlands for approximately $12.5 million. In connection with the purchase, we also entered into a ground lease with respect to the facility that is renewable at our option. As part of the transaction, Century Vlissingen will not assume, and is indemnified against, historical liabilities of the facility.

We intend to invest approximately $45 million over the next three years, including capital expenditures, restart expenses and working capital to optimize production for our customers and to comply with environmental regulations. We expect to restart approximately 75,000 metric tons of annual anode production capacity at the Vlissingen facility in late 2013. Upon restart, the facility will provide a source of anode production for Grundartangi and the planned Helguvik smelter, and replace certain anode supply contracts that will terminate in 2013.

Michael Bless elected to the Board of Directors

In December 2012, Michael A. Bless, President and Chief Executive Officer, was elected to the Board of Directors (the "Board") to fill a vacancy on the Board. Mr. Bless is not expected to serve on any committees of the Board.

Jesse Gary elected Executive Vice President, General Counsel and Secretary

In February 2013, Jesse E. Gary was elected Executive Vice President, General Counsel and Secretary. Mr. Gary joined Century in 2010 and had previously served as Associate General Counsel of the Company. Before joining Century, he practiced law at Wachtell, Lipton, Rosen & Katz. Mr. Gary received his B.A. from the University of California at Berkeley and his J.D. from Cornell Law School. He will assume the responsibilities of William J. Leatherberry, who resigned his position as Executive Vice President, Chief Legal Officer, General Counsel and Secretary of the Company effective February 1, 2013. Mr. Leatherberry will continue as a non-executive employee of the Company until June 21, 2013, or such other date as mutually agreed between Mr. Leatherberry and the Company.

Grundartangi receives insurance settlement for damaged transformer

In September 2012, we received a $7.9 million settlement payment related to insurance claims by Grundartangi for the cost of repairs to a transformer damaged in transit, a related business interruption claim, interest and other fees associated with the claim. We recorded the payment on the consolidated statement of operations in other income (expense) - net.

Century announces decision to relocate corporate headquarters

In October 2012, we informed our headquarters' staff of the decision to relocate the corporate headquarters from Monterey, California to Chicago, Illinois. We expect to complete the process by the end of the first half of 2013.

Results of Operations

The following discussion reflects our historical results of operations, the comparability of which is affected by the restart of operations of one potline at Hawesville in April 2011.

Accordingly, the results for fiscal years 2011 and 2010 are not fully comparable to the results of operations for fiscal year 2012. We believe that our historical results are not indicative of our current business. You should read the following discussion in conjunction with our consolidated financial statements included herein.

The following table sets forth, for the years indicated, the percentage relationship to net sales of certain items included in our Statements of Operations.

	Percentage of Net Sales		
	2012	2011	2010
Net sales	100.0 %	100.0 %	100.0 %
Cost of goods sold	(96.4)	(93.4)	(90.4)
Gross profit	3.6	6.6	9.6
Other operating income (expense) - net	(1.4)	0.3	3.2
Selling, general and administrative expenses	(2.8)	(3.4)	(4.0)
Operating income (loss)	(0.6)	3.5	8.8
Interest income (expense) – related parties	—	—	—
Interest income – third party	—	—	0.1
Net loss on forward contract	(0.3)	—	(0.9)
Other income (expense) - net	0.4	(0.1)	—
Income (loss) before income taxes and equity in earnings of joint ventures	(2.3)	1.6	5.8
Income tax benefit (expense)	(0.7)	(1.0)	(1.0)
Income (loss) before equity in earnings of joint ventures	(3.0)	0.6	4.8
Equity in earnings of joint ventures	0.2	0.2	0.3
Net income (loss)	(2.8)%	0.8 %	5.1 %

The following table sets forth, for the periods indicated, the shipment volumes and the average sales price per metric ton shipped:

Primary Aluminum shipments

	Direct (1)	
	Metric tons	$/metric ton
2012	377,314	$2,265
2011	334,889	2,577
2010	317,940	2,297
	Toll	
	Metric tons	$/metric ton
2012	269,215	$1,544
2011	267,253	1,839
2010	267,455	1,634

(1) Direct shipments do not include toll shipments from Grundartangi.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Net sales: Net sales for the year ended December 31, 2012 decreased $84.3 million to $1,272.1 million. Lower price realizations for primary aluminum in the year ended December 31, 2012, contributed $196.9 million to the sales decrease. The monthly average LME cash price for 2012 was down 16% from the monthly average LME cash price in 2011. Higher net sales volume had a year over year positive impact of $112.6 million. Direct shipments increased 42,425 metric tons from the same period in 2011 due to the restart of curtailed capacity and improvements in operations at Hawesville and the increase in direct sales from Grundartangi. Toll shipments increased 1,962 metric tons from the same period in 2011.

Gross profit: During 2012, lower price realizations, net of LME based alumina and power cost decreases, reduced gross

profit by $138.1 million. Higher shipment volume contributed $1.3 million to increase in gross profit. Offsetting the gross profit reduction of $136.8 million described above were $54.0 million in net cost decreases comprised of: reduced costs for power and natural gas at our U.S. smelters, $6.3 million; reduced costs for maintenance, supplies and materials, $31.3 million; other cost reductions, $14.1 million; and higher depreciation charges, $0.6 million. In addition, we recorded a charge of $2.9 million in 2011 related to an insurance recovery that went into litigation.

Our operating costs in 2011 were negatively impacted by the costs related to the restart of idled capacity at the Hawesville facility and the instability of operations at the plant for a majority of the year. The absence of those costs in 2012 had a favorable impact on gross profit and their impact is included in the amounts reported above.

A decline in LME prices at the end of 2011 resulted in a decline in the market value of our inventory below its cost basis, resulting in charges to cost of goods sold of $19.8 million in 2011. At the end of 2012, the market value of our inventory was greater than its cost basis, adjustments to the lower of cost or market inventory reserve reversed the $19.8 million reserve through cost of goods sold in 2012. On a year to year comparative basis, this positively impacted the change in gross profit by $39.6 million.

Other operating expenses (income) - net: Other operating expenses (income) - net is primarily related to items associated with Ravenswood. In addition to the on-going costs at the curtailed facility, in 2012, we increased our estimate of accrued litigation liabilities. In 2011, we recorded net benefits of $18.3 million resulting from the elimination of medical benefits for retirees of Ravenswood.

Selling, general and administrative expenses: During 2012, we incurred general and administrative charges related to the integration of the Century Vlissingen anode facility into our business. During 2012, litigation expenditures related to Helguvik were lower than in 2011. In addition, as part of the Helguvik arbitration decision, we were reimbursed for a portion of those expenditures in 2012. During 2011, we recorded charges of $7.7 million related to the contractual impact of changes in our Board of Directors and executive management team; these charges did not repeat in 2012.

Net gain (loss) on forward contracts: The net gain (loss) on forward contracts in 2012 and 2011 relates primarily to marking-to-market and recording settlements of option contracts that were put in place to provide partial downside price protection for our domestic facilities. At the end of 2012, all of these option contracts had been settled.

Other income (expense) - net: During 2012, Grundartangi received a $7.9 million settlement payment for the costs to repair a transformer damaged in transit, a related business interruption claim, interest and other fees associated with the claim.

Income tax expense: Our 2012 and 2011 income tax expense was primarily driven by our earnings in Iceland. In addition, during 2011, we had a partial offset to income tax expense due to a discrete tax benefit arising from the elimination of medical benefits for retirees of the Ravenswood facility.

Equity in earnings of joint ventures: The amounts reported in both years primarily reflect Century's equity in the earnings of its joint venture, BHH.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Net sales: Net sales for the year ended December 31, 2011 increased $187.1 million to $1,356.4 million. Higher price realizations for primary aluminum in the year ended December 31, 2011, contributed $148.9 million to the sales increase. The monthly average LME cash price for 2011 was up 6% from the monthly average LME cash price in 2010. Higher net sales volume positively impacted the year over year sales increase by $38.2 million. Direct shipments increased 16,949 metric tons from the same period in 2010 due to the restart of curtailed capacity at Hawesville and the increase in direct sales from Grundartangi. Toll shipments declined 202 metric tons from the same period in 2010.

Gross profit (loss): During 2011, higher price realizations, net of LME based alumina and power cost increases, increased gross profit by $97.3 million. Higher shipment volume contributed $2.4 million to the increase in gross profit. Offsetting these increases were $102.4 million in net cost increases comprised of: increased costs for power at our U.S. smelters, $18.0 million; increased costs for maintenance, supplies and materials, $82.2 million; other cost increases, $3.4 million; and lower depreciation charges, $1.2 million.

Of the $82.2 million in increased costs for maintenance, supplies and materials, 70% of the increase relates to the cost of carbon and bath products required to produce aluminum. A significant portion of the remaining cost increases relates to the restart of a potline at Hawesville, inefficiencies and instabilities experienced during and, subsequent to, the restart and resultant under-absorption of costs.

A decline in LME prices at the end of 2011 resulted in a decline in the market value of our inventory below its cost basis, resulting in charges to cost of goods sold of $19.8 million in 2011. We recorded a favorable net inventory adjustment of $0.4 million in 2010. On a year to year comparative basis, this negatively impacted the change in gross profit by an additional $20.2 million.

Other operating income – net: Other operating income is primarily related to items associated with Ravenswood. In addition to the on-going costs at the curtailed facility, in 2011 and 2010, we recorded credits of $18.3 million and $56.7 million, respectively, due to the elimination of medical benefits for retirees of Ravenswood. In addition, we recorded a charge of $1.1 million in 2011 for pension benefits that will be payable to a group of employees whose combination of age, years of service and lay-off status make them eligible for accelerated pension benefits in 2012. We recorded a charge of $4.6 million in 2010 for pension benefits that will be payable to a group of employees whose combination of age, years of service and lay-off status made them eligible for accelerated pension benefits in 2011.

Selling, general and administrative expenses: During 2011, outside professional support, employee-related expenses and administrative spending to support the Helguvik project were lower than those recorded in 2010. Offsetting these cost improvements in 2011 were charges of $7.7 million in the second quarter related to the accelerated vesting of share-based compensation plans arising from changes in the Company's Board of Directors and severance accruals for changes in the executive management team.

Net gain (loss) on forward contracts: The net gain (loss) on forward contracts in 2011 and 2010 relates primarily to marking-to-market options that were put in place to provide partial downside price protection for our domestic facilities. At the end of 2011, the unexpired put options increased in value due to declining LME prices for primary aluminum. At the end of 2010, the unexpired put options decreased in value due to rising LME prices for primary aluminum. Changes in the value of unexpired put options, along with the write-off of expired contracts in both 2011 and 2010, resulted in a year over year improvement of $11.3 million in this category.

Tax provision: Our 2011 and 2010 income tax expense is related to our net income in Iceland with a partial offset to expense due to a discrete tax benefit arising from the elimination of medical benefits for retirees at Ravenswood.

Equity in earnings (losses) of joint ventures: The amounts reported in both years primarily reflect the results of Century's joint venture, BHH.

Liquidity and Capital Resources

Liquidity

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

Our consolidated cash and cash equivalents balance at December 31, 2012 was approximately $184 million compared to $183 million at December 31, 2011. Century's revolving credit facility matures in July 2014. As of December 31, 2012 our credit facility had no loan amounts outstanding and approximately $50 million of net availability. We have

approximately $46 million of letters of credit outstanding under our credit facility. Future curtailments of domestic production capacity would reduce domestic accounts receivable and inventory, which comprise the borrowing base of our credit facility, and could result in a corresponding reduction in availability under the credit facility.

We have $249.6 million in 8.0% senior secured notes payable that will mature on May 15, 2014.

In December 2012, Nordural ehf participated in the 50/50 ISK Auctions (the “Auctions”) sponsored by the Central Bank of Iceland (“CBI”) and may participate in future auctions. The Auctions allow authorized investors to exchange foreign currency for Icelandic kronur ("ISK") with 50% exchanged at the official rate set by the CBI and 50% exchanged at auction. The ISK received in the program must be invested in Iceland for a minimum of five years.

We may be required to make installment payments for the E.ON contingent obligation. 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, 2012 and management’s estimate, we do not expect to make any payments for the E.ON contingent obligation until 2019. There can be no assurance that circumstances will not change thus accelerating the timing of such payments.

In August 2011, our Board of Directors approved a $60 million stock repurchase program. Through December 31, 2012, we have expended approximately $50 million under the program. At December 31, 2012, we had approximately $10 million remaining under the repurchase program authorization. The repurchase program may be suspended or discontinued at any time.

In September 2012, we received a $7.9 million settlement payment related to insurance claims by Grundartangi for the cost of repairs to a transformer damaged in transit, a related business interruption claim, interest and other fees associated with the claim. We recorded the payment on the consolidated statement of operations in other income (expense) - net.

Based on current actuarial and other assumptions, we expect to make contributions to the qualified defined benefit plans we sponsor of approximately $9.3 million during 2013. Through December 31, 2012, we have made contributions to these plans of $7.3 million. We may choose to make additional contributions to these plans from time to time at our discretion.

In June 2011, the PBGC informed us that it believed that a “cessation of operations” under ERISA had occurred at our Ravenswood facility as a result of the curtailment of operations at the facility and requested that we engage in discussions with the PBGC relating thereto. We have notified the PBGC that we do not believe that a “cessation of operations” has occurred and have entered into ongoing discussions with the PBGC to resolve the matter. If a “cessation of operations” is ultimately determined to have occurred under ERISA, it may be necessary for CAWV to accelerate the timing of additional contributions to certain of its defined pension plans or post other collateral with the PBGC or negotiate an alternative agreement.

In March 2012, we reached an agreement in principle with the CAWV retirees to make contributions to a voluntary employee beneficiary association (“VEBA”) trust that would provide certain health care benefits to these retirees and their eligible dependents in the event of a restart of our Ravenswood facility. If an agreement were entered into, our obligations under the agreement, including any contributions to the VEBA, would be contingent upon the occurrence of several future events that are necessary in order to restart the Ravenswood facility. None of these events, including the finalization of this agreement, are certain to occur.

Under an agreement with the Government of Iceland, Nordural Grundartangi ehf agreed to prepay taxes during 2012, 2011 and 2010 as an advance levy of income taxes and other governmental taxes for the period of 2013 through 2018. The amount of prepaid taxes paid through December 31, 2012 was approximately $9.6 million. The prepaid taxes will offset taxes otherwise payable in equal installments over the period 2013 through 2018. In addition, in 2012, we made estimated income tax payments in Iceland of approximately $12.2 million.

We paid approximately $20.2 million in net withholding tax for intercompany transfers in Iceland in 2011 and paid an additional $22.6 million in 2012 and $8.3 million in the first quarter of 2013 which we expect will be refunded in the fourth quarter of 2013. We received approximately $28 million in withholding tax refunds in the fourth quarter of 2012 related to withholding taxes paid on intercompany transfers through February 2012. The withholding taxes and associated refunds are payable in ISK and we are subject to foreign currency risk associated with fluctuations in the value of the U.S. dollar as compared the ISK.

In June 2012, Nordural Grundartangi entered into a new supplemental power contract with Landsvirkjun. The supplemental power contract, which will expire in October 2029 (or upon the occurrence of certain earlier events), will provide Nordural Grundartangi with supplemental power, as Nordural Grundartangi may request from time to time, at LME-based variable rates. Nordural Grundartangi has agreed to make certain prepayments to Landsvirkjun in connection with the contract, which will reduce the price paid for power at the time of consumption.

Capital Resources

We intend to finance our future recurring capital expenditures from available cash and our cash flow from operations. For major investment projects, such as the Helguvik project, we would seek financing from various capital and loan markets and may potentially pursue the formation of strategic alliances. We may be unable to issue additional debt or equity securities, or to issue these securities on attractive terms, 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 capital markets and our financial condition.

Capital expenditures for 2012 were $25.0 million, $7.3 million of which was related to the Helguvik project, with the balance principally related to upgrading production equipment, improving facilities and complying with environmental requirements. We believe capital spending in 2013, excluding the activity on the Century Vlissingen and Helguvik projects, will be approximately $40 to $45 million.

In order to restart the first 75,000 metric tons of annual anode capacity at the Century Vlissingen project, we currently intend to make approximately $35 million in capital expenditures in 2013. We expect the first 75,000 metric tons of capacity will be restarted in late 2013 and will provide an anode supply to replace third-party anode supply contracts that will terminate in 2013. Following the restart of the first 75,000 metric tons, we currently intend to make approximately $10 million in additional expenditures over the next three years in order to restart an additional 75,000 metric tons of capacity.

We have made and continue to make capital expenditures for the construction and development of our Helguvik project. We have substantial future contractual commitments for the Helguvik project. If we were to cancel the Helguvik project, we estimate that our exposure to contract cancellation costs would be approximately $15 million. We are continuing to negotiate with the power suppliers to the project to remove all the remaining conditions to their obligations to supply contracted power. The timing of the power availability together with other factors, including financing, will determine the timing of any resumption of major construction activity at Helguvik. We expect that capital expenditures for this project will be approximately $1 million per quarter until the restart of major construction activities. We cannot, at this time, predict when the restart of major construction activity will occur. See Item 1A, “Risk Factors — Construction at our Helguvik smelter site has been significantly curtailed. Substantial delay in the completion of this project may increase its cost, subject us to losses and impose other risks to completion that are not foreseeable at this time” included herein.

Historical Cash Flows

Our Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010 are summarized below:

	2012	2011	2010
	(dollars in thousands)		
Net cash provided by (used in) operating activities	$37,139	$(2,936)	$131,510
Net cash used in investing activities	(32,531)	(24,895)	(25,471)
Net cash provided by (used in) financing activities	(4,033)	(93,064)	23
Net change in cash and cash equivalents	$575	$(120,895)	$106,062

Net cash provided by operating activities in 2012 was $37.1 million compared to cash used in operating activities of $2.9 million in 2011. The increase in cash from operations in 2012 was primarily due to reduced withholding tax

payments in Iceland, lower pension and benefit contributions, which were partially offset by the impact of lower LME prices. During 2011, we had a large build-up in working capital related to the restart of the curtailed potline at CAKY, this build-up did not recur in 2012.

Net cash used in operating activities in 2011 was $2.9 million compared to cash provided by operating activities of $131.5 million in 2010. The decrease in cash from operations in 2011 was primarily due to withholding tax payments in Iceland, pension and benefit contributions, an increase in working capital associated with the restart of Hawesville and the reduction of the benefits received for the E.ON contractual receivable in 2011 (the E.ON contractual receivable expired in 2010).

Our net cash used in investing activities in 2012 was $32.5 million compared to $24.9 million in 2011. The increase in cash used was primarily due to the purchase of carbon anode assets for $13.8 million, offset by lower capital expenditures and larger payments received from joint ventures in 2012 and cash inflows in 2011 related to the return of restricted cash deposits of $3.7 million that did not recur in 2012.

Our net cash used in investing activities in 2011 was $24.9 million compared to $25.5 million in 2010. The decrease in cash used was primarily due to reduced restricted cash requirements and a payment received on advances to joint ventures.

Our net cash used in financing activities during 2012 was $4.0 million. The cash used was related to the repurchase of our common stock.

Our net cash used in financing activities during 2011 was $93.1 million. The use was primarily due to the redemption of the 1.75% Notes in May 2011 of $47.1 million and $45.9 million for the repurchase of common stock.

Critical Accounting Estimates

Our significant accounting policies are described in Note 1 of the consolidated financial statements. The preparation of the financial statements requires that management make judgments, assumptions and estimates in applying these accounting policies. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Critical accounting estimates require management to make assumptions about matters that are highly uncertain at the time of the estimate and a change in these estimates may have a material impact on our financial position or results of operations. Significant judgments and estimates made by our management include expenses and liabilities related to pensions and other postretirement benefits, 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.

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 inflation rate and the long-term rate of return on plan assets.

Discount Rate Selection

It is our policy to select a discount rate for purposes of measuring obligations under defined benefit plans by matching cash flows separately for each plan to yields on high-quality zero coupon bonds. In 2012, we switched the approach that we use to determine the yield from the Citigroup Pension Liability Index to the Ryan 45-95 Curve (the "Ryan Curve"). While both are considered acceptable approaches under GAAP, we have elected to use the Ryan Curve for determining these yields. We believe the Ryan Curve provides a method of developing spot curve yield (our discount rate) that is more consistent with observable market conditions and represents a refinement over the Citigroup Pension Liability Index. This change in the approach for determining our discount rate is considered a change in accounting estimate under Accounting Standards Codification (“ASC”) 250. Discount rates determined under the Ryan Curve were approximately 0.25% higher than those determined using the Citigroup Pension Liability Index, which lowered our overall plan benefit obligation by approximately 3.4%.

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

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

	2012	2011
Discount Rate:		
Pension	4.00%	4.25%
OPEB	4.00%	4.25%

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 in 2012:

Effect of changes in the discount rates on the Projected Benefit Obligations for:	50 basis point increase	50 basis point decrease
	(dollars in millions)	
Pension plans	$(11.4)	$12.7
Other postretirement benefit ("OPEB") plans	(9.7)	10.9

Century provides postretirement benefit plans that provide health care and life insurance benefits for a portion of the retired employees of our U.S. based operations. ASC 715 requires the accrual of the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. We fund these benefits as the retirees submit claims.

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

Century assumes medical inflation is initially 9%, declining to 5% over nine years and thereafter. A one-percentage-point change in the assumed health care cost trend rates would have the following effects in 2012:

	1% Increase	1% Decrease
	(dollars in millions)	