CENTURY ALUMINUM CO
Form 10-K
March 14, 2017
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, 2016
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	13-3070826
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
One South Wacker Drive	
Suite 1000	60606
Chicago, Illinois	(Zip Code)
(Address of registrant's principal offices)	

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

Title of each class:	Name of each exchange on which registered:
Common Stock, $0.01 par value per share	NASDAQ Stock Market LLC (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 ý No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No 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. ý
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	o	Accelerated Filer	x	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, 2016, the approximate aggregate market value of the common stock held by non-affiliates of the registrant was approximately $313,000,000. As of March 1, 2017, 87,256,897 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 2017 Annual Meeting of Stockholders, which will be filed within 120 days after the close of the fiscal year covered by this report on Form 10-K, or if the Registrant’s Schedule 14A is not filed within such period, will be included in an amendment to this Report on Form 10-K which will be filed within such 120 day period.

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Forward-Looking Statements

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

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

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

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Important factors that could cause actual results and i

events to differ from those described in such forward-looking statements can be found in the risk factors and forward-looking statements cautionary language contained in Item 1A Risk Factors in this Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and in other filings made with the SEC. Although we have attempted to identify those material factors that could cause actual results or events to differ from those described in such forward-looking statements, there may be other factors that could cause results or events to differ from those anticipated, estimated or intended. Many of these factors are beyond our ability to control or predict. Given these uncertainties, the reader is cautioned not to place undue reliance on our forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I
Throughout this Annual Report on Form 10-K, and unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum Company," "Century Aluminum," "Century," the "Company," "we," "us," and "our" refer to Century Aluminum Company and its subsidiaries.
Item 1. Business
Overview
Century Aluminum Company is a global producer of primary aluminum and operates aluminum reduction facilities, or "smelters," in the United States and Iceland. Our primary aluminum facilities produce standard-grade and value-added primary aluminum products. Our current annual primary production capacity is approximately 1,012,000 tonnes per year ("tpy"). We produced approximately 738,000 tonnes of primary aluminum in 2016.
In addition to our primary aluminum assets, we also own a carbon anode production facility located in the Netherlands ("Vlissingen") and hold a 40% interest in Baise Haohai Carbon Co., Ltd. ("BHH"), a joint venture that owns and operates a carbon anode and cathode facility located in China. Carbon anodes are used in the production of primary aluminum and both BHH and Vlissingen currently supply carbon anodes to our smelter in Grundartangi, Iceland.
We operate our business through one reportable segment, primary aluminum. Additional information about our segment reporting and certain geographic information is available in Note 19 Business segments to the consolidated financial statements included herein.
Century Aluminum Company is a Delaware corporation with principal executive offices located at One South Wacker Drive, Suite 1000, Chicago, Illinois 60606.
Strategic Objective
Our strategic objective is to maximize the financial returns we generate for our stockholders by: (a) optimizing our safety and environmental performance; (b) improving our cost structure for our existing assets by managing costs and improving productivity and efficiency; (c) pursuing upstream investment opportunities in bauxite mining, alumina refining and the production of other key operating supplies; and (d) expanding our primary aluminum business by improving and investing in the facilities we currently own as well as constructing, investing in or acquiring additional capacity.
Primary Aluminum Facilities
Overview of Facilities
We operate three U.S. aluminum smelters, in Hawesville, Kentucky ("Hawesville"), Robards, Kentucky ("Sebree") and Goose Creek, South Carolina ("Mt. Holly"), and one smelter in Grundartangi, Iceland ("Grundartangi").
Grundartangi
The Grundartangi facility, located in Grundartangi, Iceland, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Nordural Grundartangi ehf, and is our most modern facility. Grundartangi is currently in the process of a multi-year expansion project that has brought the annual capacity from 280,000 tonnes to current capacity of 313,000 tonnes (2016 volume) and is expected to ultimately increase annual production capacity to approximately 325,000 tonnes. Grundartangi produces standard-grade aluminum and a primary foundry alloy product, which is a value-added product that is sold at a premium to standard-grade aluminum.
Grundartangi operates under various long-term permits and agreements with the Government of Iceland, local municipalities and Faxafloahafnir sf (which operates the harbor at Grundartangi and is jointly owned by several municipalities).
Hawesville
Hawesville, located adjacent to the Ohio River near Hawesville, Kentucky, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Century Kentucky, Inc. ("CAKY"). Hawesville has an annual production capacity of approximately 252,000 tonnes. Hawesville is our largest U.S. smelter and the largest producer of high purity

primary aluminum in North America. High purity primary aluminum is sold at a premium to standard-grade aluminum. Hawesville's specially configured facility is also capable of providing high-conductivity metal used in electrical wire and cable products as well as for certain aerospace applications. Approximately 60% of Hawesville's capacity has been curtailed since the fourth quarter of 2015. During 2016, Hawesville primarily produced high-purity aluminum and molten metal that is delivered directly to the customer's adjacent facility.

Sebree

Sebree, located adjacent to the Green River near Robards, Kentucky, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Century Aluminum Sebree LLC ("Century Sebree"). Sebree has an annual production capacity of approximately 218,000 tonnes. Sebree produces standard-grade aluminum that is cast into sow and value-added products, including billet, that are sold at a premium to standard-grade aluminum and molten metal that is delivered directly to the customer's nearby facility. In 2016, approximately 78% of Sebree's production was value-added products.

Mt. Holly

Mt. Holly, located in Goose Creek, South Carolina, is a primary aluminum reduction facility owned and operated by our wholly-owned subsidiary, Century Aluminum of South Carolina, Inc. ("CASC"). Mt. Holly has an annual production capacity of approximately 229,000 tonnes. Mt. Holly is the most modern aluminum reduction facility in the United States.

Mt. Holly produces standard-grade aluminum that is cast into tee bars as well as several value-added products, including billet and foundry products. These value-added primary aluminum products are sold at a premium to standard-grade aluminum. In 2016, approximately 99% of Mount Holly's production was value-added products. The Mt. Holly facility is currently operating at 50% of capacity while CASC pursues a long-term power solution. See "Supply Contracts — Electrical Power Supply Agreements" below for further discussion of our power arrangements at Mt. Holly.

Primary Aluminum Production Capacity

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

Facility	Location	Operational	Annual Production Capacity (tpy) (1)	Actual 2016 Annual Production	Ownership Percentage
Grundartangi	Grundartangi, Iceland	1998	313,000	313,000	100%
Hawesville	Hawesville, Kentucky, USA	1970	252,000	97,000	100%
Sebree	Robards, Kentucky, USA	1973	218,000	217,000	100%
Mt. Holly	Goose Creek, South Carolina, USA	1980	229,000	111,000	100%
	Total for all locations		1,012,000	738,000	

(1) The numbers in this column reflect each facility's highest annual production for the last five fiscal years through and including the fiscal year ended December 31, 2016.

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Primary Aluminum Shipment Volume

The following table shows our primary aluminum shipment volumes since 2011.

(1) Shipment volumes for 2015 and 2016 reflect our acquisition of the remaining interest in Mt. Holly in December 2014 and the partial curtailment of our Hawesville and Mt. Holly operations during the fourth quarter of 2015.

Primary Aluminum Projects

Helguvik project

The Helguvik project is a greenfield project for an aluminum reduction facility in Helguvik, Iceland ("Helguvik" or the "Helguvik project"), owned by our wholly-owned subsidiary Nordural Helguvik ehf ("Nordural Helguvik"). Construction of the Helguvik project is currently curtailed. The Helguvik project site is located approximately 30 miles from the city of Reykjavik, Iceland.

We commenced construction of the Helguvik project in June 2008. In late 2008, we curtailed construction activity and spending on the project in response to the global financial crisis and deterioration of Icelandic economic conditions, including the financial condition of our contracted power suppliers. Construction activity and spending on the project have remained curtailed pending our ability to secure power delivery for the project at competitive prices. See "Electrical Power Supply Agreements" below for further discussion of our power arrangements at Helguvik. See Item 1A Risk Factors — "If we are unable to procure a reliable source of power, the Helguvik project may be further delayed or ultimately may not be feasible which could increase the cost of the project and could expose us to other risks, some of which may not be foreseeable at this time."

Carbon Products Facilities

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

Vlissingen

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

Baise Haohai Carbon Company, Ltd.

BHH is a carbon anode and cathode facility which commenced operations in 2008. BHH is operated as a joint venture between one of our wholly-owned subsidiaries, which owns a 40% stake in the company, and Guangxi Qiangqiang Carbon Co., Ltd., which holds the remaining 60% ownership interest and is the operator of this facility. The BHH facility has an annual carbon anode production capacity of 180,000 tonnes and an annual cathode baking and graphitization capacity of 20,000 tonnes.

Carbon Anode and Cathode Production Capacity

Our carbon anode and cathode production facilities and their respective capacities are shown in the following table:

Facility	Location	Type	Annual Production Capacity (tpy) (1)	Ownership Percentage
Vlissingen	Vlissingen, the Netherlands	Carbon anodes	145,000	100%
BHH	Guangxi Zhuang, China	Carbon anode, cathode and graphitized products	180,000 anode; 20,000 cathode/graphitized products	40%

(1) The numbers in this column reflect each facility's rated production capacity.

Pricing

Primary aluminum is an internationally traded commodity and its price is effectively determined on the London Metal Exchange (the "LME") and other exchanges, plus any regional delivery premiums and value-added product premiums. Our operating results are highly sensitive to changes in the LME price of primary aluminum and the value of regional delivery and product premiums, as well as the cost of electrical power, raw materials and other operating 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.

Customer Base

For the year ended December 31, 2016, we derived approximately 89% of our consolidated net sales from sales to Glencore plc and its affiliates (together, "Glencore").

Glencore purchased substantially all of the aluminum produced at our North American smelters during 2016 under the terms of that certain purchase and sale agreement, effective as of December 31, 2014 (the "2015-2016 US Sales Agreement"). The 2015-2016 US Sales Agreement expired on December 31, 2016. We have since entered into a new agreement with Glencore pursuant to which Glencore has agreed to continue to purchase a substantial portion of our aluminum products produced at our North American smelters in 2017. The pricing for aluminum sold under these agreements is determined by reference to the LME price for primary aluminum, plus the Midwest regional delivery premium (the "Midwest Transaction Price") plus additional product premiums based on market terms.

Glencore has also agreed to purchase substantially all primary aluminum produced at Grundartangi through 2017 at market prices (the "Glencore Grundartangi Metal Agreement"). The price for aluminum delivered to Glencore under the Glencore Grundartangi Metal Agreement is determined by reference to the LME price for primary aluminum, plus the European Duty Paid Price ("EDPP") premium and any applicable product premiums based on market terms. We were also party to a tolling agreement with Glencore for 90,000 tpy through June 2016. Under this agreement, Glencore provided Grundartangi alumina for processing and received primary aluminum in return for tolling fees that were based on the price of primary aluminum plus any applicable premiums.

Glencore purchases the aluminum we produce for resale to end users.

Energy, Key Supplies and Raw Materials

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

electrical power	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 our cost of goods sold. These components together represented over 75% of our cost of goods sold for the year ended December 31, 2016. For a description of certain risks related to our raw materials, supplies and labor, see Item 1A Risk Factors in this Annual Report on Form 10-K.

Alumina Supply Agreements

A summary of our alumina supply agreements is provided below:

Supplier	Quantity	Term	Pricing (2)
Glencore (1)	Variable	Through December 31, 2017	Variable, API-based
Gramercy Holdings I LLC	Approximately 600,000 tpy	Through December 31, 2019	Variable, API-based
Hydro Aluminum International SA	Approximately 90,000 tpy	Through December 31, 2017	Variable, API-based

(1) Under the terms of this agreement, Glencore will provide alumina supply for all of Century's requirements during the contract term, net of the other existing contractual commitments set forth above.

(2) Pricing is based on a published alumina index ("API").

Electrical Power Supply Agreements

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

Facility	Supplier	Term	Pricing
Grundartangi	Landsvirkjun Orkuveita Reykjavíkur ("OR") HS Orka hf ("HS")	Through 2023 - 2036	Variable rate based on (i) the LME price for primary aluminum or (ii) the Nord Pool power market for 161MW of Landsvirkjun supply post-2019
Hawesville	Kenergy Corporation ("Kenergy")	Through December 31, 2023	Variable rate based on market prices
Sebree	Kenergy	Through December 31, 2023	Variable rate based on market prices
Mt. Holly	South Carolina Public Service Authority	Through December 31, 2018	Variable rate based in part on a cost of service charge and in part on natural gas prices
Helguvik	OR	Approximately 25 years from the dates of each phase of power delivery	Variable rate based on the LME price for primary aluminum

Electrical power represents one of the largest components of our cost of goods sold. We may enter into forward contracts or other hedging arrangements to mitigate our electrical power or natural gas price risk, but did not hold any such contracts as of December 31, 2016. The paragraphs below summarize the sources of power and the long-term power arrangements for each of our operations.

Grundartangi. Power is currently supplied to Grundartangi from hydroelectric and geothermal sources under long-term power purchase agreements with HS, Landsvirkjun and OR at prices indexed to the price of primary aluminum, which provides a natural hedge of our largest production cost. Beginning in November of 2019, our contract with Landsvirkjun (covering approximately 30% of our current power requirements at Grundartangi) will be priced based on the market price for power in the Nord Pool power market, the trading market for power in the Nordic countries and certain other areas of Europe. These power purchase agreements expire on various dates from 2023 through 2036 (subject to extension). Each power purchase agreement contains take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreement.

Hawesville. CAKY is party to a power supply arrangement with Kenergy and EDF Trading North America, LLC (“EDF") which provides market-based power to the Hawesville smelter. Under this arrangement, the power companies purchase power on the open market and pass it through to Hawesville at Midcontinent Independent System Operator ("MISO") pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2018, extending year to year thereafter unless a one year notice is given.

Sebree. Century Sebree is party to a power supply arrangement with Kenergy and EDF which provides market-based power to the Sebree smelter. Similar to the arrangement at Hawesville, the power companies purchase power on the open market and pass it through to Sebree at MISO pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2018, extending year to year thereafter unless a one year notice is given.

Mt. Holly. CASC is party to a power agreement with the South Carolina Public Service Authority ("Santee Cooper") for power to the Mt. Holly smelter. Under this contract, 25% of Mt. Holly's electric power requirements is supplied from Santee Cooper's generation at cost-of-service based rates. The remaining 75% of Mt. Holly's electric power requirements is supplied from third-party generation at rates based on natural gas prices. The agreement with Santee Cooper has a term through December 31, 2018; the current third party supply contract has a term through December 31, 2017. Each of these agreements can be terminated by Mt. Holly on 60 days' notice.

Mt. Holly's inability to access the open market for 100% of its power requirements significantly impacts its ability to be competitive in the aluminum industry and puts its continued operation at risk. As a result of such uncompetitive power prices, Mt. Holly has already curtailed 50% of its production capacity. In January 2017, we filed an antitrust lawsuit against Santee Cooper seeking damages and injunctive relief, including the ability to purchase 100% of Mt.

Holly's power from the open

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market. See Item 1A Risk Factors — "If we are unable to enter into a long term, market-based power arrangement for Mt. Holly, we may choose, or be forced, to curtail operations at the plant."

Helguvik. Nordural Helguvik is party to a power agreement with OR for a portion of Helguvik's expected power requirements to the Helguvik project. The agreement would provide a portion of Helguvik's power at LME-based variable rates and contains take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreements. The first stage of power under the OR power purchase agreement (approximately 47.5 MW) became available in the fourth quarter of 2011 and is currently being utilized at Grundartangi. The agreement contains certain conditions to OR's obligations with respect to the remaining phases. We are in discussions with OR with respect to such conditions and other matters pertaining to this agreement. In November, 2016, an arbitration panel ruled that Nordural Helguvik's power agreement with HS Orka hf ("HS") was no longer in force. See Item 1A Risk Factors — "If we are unable to procure a reliable source of power, the Helguvik project may be further delayed or ultimately may not be feasible which could increase the cost of the project and could expose us to other risks, some of which may not be foreseeable at this time."

See Note 15 Commitments and contingencies to the consolidated financial statements included herein for additional information concerning our power arrangements.

Employees

As of December 31, 2016, we had 1,741 employees.

Labor Agreements

The bargaining unit employees at our Grundartangi, Hawesville and Sebree smelters and our Vlissingen carbon anode facility, representing approximately 63% of our total workforce, are represented by labor unions. Our employees at Mt. Holly are not represented by a labor union.

A summary of our key labor agreements is provided below:

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

Approximately 83% of Grundartangi's workforce is represented by five labor unions, governed by a labor agreement that establishes wages and work rules for covered employees. The current labor agreement is effective through December 31, 2019.

100% of Vlissingen's workforce is represented by the FME. The FME negotiates working conditions with trade unions on behalf of its members. The current agreement with the FME is effective through June 1, 2018.

Approximately 54% of our U.S. based workforce is represented by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW"). CAKY's Hawesville employees represented by the USW are under a collective bargaining agreement that expires on April 1, 2020. Century Sebree's employees represented by USW are under a collective bargaining agreement that expires on October 28, 2019.

Competition

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

Our U.S. facilities benefit from the proximity to our U.S. customer base, allowing us to capture the Midwest regional delivery premium and providing a competitive advantage in freight costs over our competitors. The proximity to our customers also allows our Hawesville and Sebree plants to deliver a portion of their production in molten form, saving casting costs, and providing a competitive advantage over other potential suppliers.

In Iceland, our proximity to European markets provides a competitive advantage for Grundartangi including logistical benefits compared to our competitors outside the European Economic Area ("EEA"). As a member of the EEA, Iceland has duty free access to these European markets.

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

Financial Information about Segments and Geographic Areas

We operate in one reportable segment, primary aluminum. Additional information about our segment reporting and certain geographic information is available in Note 19 Business segments to the consolidated financial statements included herein.

Environmental Matters

We are subject to various environmental laws and regulations in the countries in which we operate. We have spent, and expect to continue to spend, significant amounts for compliance with those laws and regulations. In addition, some of our past manufacturing activities have resulted in environmental consequences that require remedial measures. Under certain environmental laws, which may impose liability regardless of fault, we may be liable for the costs of remediation of contaminated property, including our current and formerly owned or operated properties or adjacent areas, or for the amelioration of damage to natural resources. We believe, based on currently available information, that our current environmental liabilities are not likely to have a material adverse effect on Century. However, we cannot predict the requirements of future environmental laws and future requirements at current or formerly owned or operated properties or adjacent areas or the outcome of certain existing litigation to which we are a party. Such future requirements or events may result in unanticipated costs or liabilities that may have a material adverse effect on our financial condition, results of operations or liquidity. More information concerning our environmental contingencies can be found in Note 15 Commitments and contingencies to the consolidated financial statements included herein.

Intellectual Property

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

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

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

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

During the year ended December 31, 2016, non-U.S. affiliates of the largest stockholder of the Company (“the non-U.S. Stockholder Affiliates”) entered into sales and purchase contracts for agricultural products, metals, minerals, oil and oil products with, or for delivery to or from Iranian entities wholly or majority owned by the GOI. The non-U.S. Stockholder Affiliates performed their obligations under the contracts in compliance with applicable sanction laws and, where required, with the necessary prior approvals by the relevant governmental authorities.

The gross revenue of the non-U.S Stockholder Affiliates related to the contracts did not exceed the value of USD $1.1 billion for the year ended December 31, 2016.

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

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

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

The Company and its global subsidiaries had no transactions or activities requiring disclosure under ITRA, nor were we involved in the transactions described in this section. As of the date of this report, the Company is not aware of any other activity, transaction or dealing by it or any of its affiliates during the year ended December 31, 2016 that requires disclosure in this report under Section 13(r) of the Exchange Act.

Available Information

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

Item 1A. Risk Factors

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

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

Our operating results depend on the market for primary aluminum. Primary aluminum is a globally traded commodity and its price is effectively determined on the London Metal Exchange (the "LME") and other exchanges, plus any regional delivery premiums and value-added product premiums. Because primary aluminum is a global commodity, the price for aluminum can be volatile and subject to many factors beyond our control. This price volatility is influenced by a number of factors, including global supply-demand balance, speculative activities by market participants, production activities by competitors, political and economic conditions, as well as production costs in major production regions. The price of primary aluminum may also be impacted by inventory levels. High inventory levels, or the release of such inventory into the market, may cause primary aluminum prices and regional delivery and product premiums to decline.

During 2016, the average LME price for primary aluminum was $1,604 per tonne, compared to $1,663 per tonne in 2015 and $1,867 per tonne in 2014. During 2016, the average U.S. Midwest premium was $169 per tonne, compared to $279 per tonne in 2015 and $450 per tonne in 2014. European Duty Paid Premiums showed similar price declines. There can be no assurance that recent volatility in the price of aluminum will not continue.

Declines in the aluminum price have a direct impact on our results of operations. As a result of such declines, we have curtailed production at our Hawesville smelter, which is currently operating at approximately 40% of capacity, and have taken other actions to reduce our cost of production, including deferring certain capital expenditures and maintenance costs and implementing workforce reductions. If aluminum prices remain depressed, we may be forced to further curtail our operations and implement additional cost cutting measures. We cannot defer such costs indefinitely and if we are forced to resume incurring such costs at a time when aluminum prices remain depressed it could have a material adverse effect on our business, financial position, results of operations and liquidity. Further, deferring such costs could ultimately result in higher capital expenditures and maintenance costs in the future than would have been incurred had such costs not been deferred. There can be no assurance that the temporary cost savings will not be outweighed by the long-term impact of these actions.

Declines in aluminum prices (and regional delivery, product and other premiums) may materially and adversely affect our liquidity, the amount of cash flow we have available for our capital expenditures and other operating expenses, our ability to access the credit and capital markets and our results of operations.

Chinese excess capacity and over production and exports of heavily subsidized and unfairly traded Chinese aluminum products may continue to materially disrupt world aluminum markets causing further price deterioration and, in turn, adversely impact our sales, margins and profitability.

World aluminum prices have been significantly depressed due to large amounts of excess Chinese capacity and over production and exports of unfairly traded Chinese aluminum products. Aluminum production in China exceeds demand in China and significant amounts of such production would not be possible without financial and other support from the Chinese central and provincial governments. This oversupply has caused world aluminum prices to be significantly depressed. Further, Chinese exports of this heavily subsidized material have caused further downward pressure on aluminum pricing. There can be no assurance that this trend of over production and high levels of exports out of China will not continue. Continued Chinese over production and the improper export of heavily subsidized Chinese aluminum products may continue to materially disrupt world aluminum markets resulting in depressed prices and, in turn, materially adversely impacting our sales, margins and profitability.

Increases in energy costs adversely affect our business.

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

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Our Hawesville and Sebree plants receive all of their electricity requirements under market-based electricity contracts and our Mt. Holly plant receives 75% of its electricity requirements under a market-based contract. Market-based electricity contracts expose us to market price volatility and fluctuations driven primarily by coal and natural gas prices and weather-influenced electric loads. In 2015 and 2016, both coal and natural gas prices were relatively low, weather conditions were moderate and the energy prices we realized under these agreements were competitive. However, electrical power prices can fluctuate (for instance, as a result of extreme weather conditions), without any direct relationship to the price of aluminum. There can be no assurance that our market-based power supply arrangements at our Hawesville, Sebree and Mt. Holly plants will result in favorable electricity costs.
Power is currently supplied to Grundartangi from hydroelectric and geothermal sources under long-term power purchase agreements with HS Orka hf ("HS"), Landsvirkjun and Orkuveita Reykjavikur ("OR") at prices indexed to the price of primary aluminum. Linking the price of power to the price of aluminum provides a "natural hedge" of our largest production cost. Beginning in November 2019, one of our contracts with Landsvirkjun (covering approximately 30% percent of our current power requirements at Grundartangi) will be priced based on the market price for power in the Nord Pool power market, which will expose us to market price volatility and fluctuations based on the market price for power in the Nordic countries and certain other areas of Europe. These markets can fluctuate significantly. Any increase in our electricity and energy prices could have a material adverse effect on our business, financial position, results of operations and liquidity.
If we are unable to enter into a long term, market-based, power arrangement for Mt. Holly, we may choose, or be forced, to curtail operations at the plant.
Mt. Holly is currently required to purchase 25% of its power requirements from Santee Cooper's generation at a standard cost-based industrial rate, which is the highest rate paid for power by any U.S. smelter and substantially higher than the rate Mt. Holly pays for market power. Mt. Holly's inability to access the open market for 100% of its power requirements significantly impacts its ability to be competitive in the aluminum industry. As a result of such uncompetitive power prices, Mt. Holly has already curtailed 50% of its production capacity. In January 2017, we filed an antitrust lawsuit against Santee Cooper seeking damages and injunctive relief, including the ability to purchase 100% of Mt. Holly's power from the open market. As a result of such lawsuit, Santee Cooper may seek to take actions detrimental to Mt. Holly, including altering the terms and price of its current service to Mt. Holly. There can be no assurance that we will be successful in this lawsuit or how long it may take to come to resolution. If we are unable to secure a long term power arrangement for Mt. Holly on competitive terms we may choose, or be forced, to curtail operations at the plant.
Closure of the Mt. Holly facility would impose various costs on us that could have a material adverse effect on our business, financial condition, results of operations and liquidity and could cause us to write down the book value of the Mt. Holly facility. In addition, the ongoing uncertainty regarding the future operation of Mt. Holly may damage our relationships with our customers, suppliers, employees and other stakeholders and decrease the price we receive for our products, whether or not Mt. Holly is ultimately closed. Such actions and events could have a material adverse effect on our business, financial condition, results of operations and liquidity.
Curtailment of aluminum production at our facilities could have a material adverse effect on our business, financial position, results of operations and liquidity.
The continued operation of our smelters depends on the market for primary aluminum and our underlying cost of production. Due to significant declines in the aluminum price during 2015, we made the decision to curtail 60% of production at our Hawesville smelter. We are also currently operating our Mt. Holly smelter at 50% capacity as a result of uncompetitive power prices. There can be no assurance that continued or future deterioration in the price of aluminum or increases in our costs of production will not result in additional production curtailments at our smelters. Curtailing production requires us to incur substantial expenses, both at the time of the curtailment and on an ongoing basis. Our facilities are subject to contractual and other fixed costs that continue even if we curtail operations at these facilities. These costs reduce the cost saving advantages of curtailing unprofitable aluminum production. If we are unable to realize the intended cost saving effects of any production curtailment, we may have to seek bankruptcy protection or be forced to divest some or all of our assets. The process of restarting production following curtailment is also expensive and time consuming. As a result, any decision to restart production would likely require market conditions significantly better than the market conditions at the time the decision to curtail was made. Any

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

Losses caused by disruptions in our supply of power would adversely affect our operations.
We use large amounts of electricity to produce primary aluminum. Any loss or disruption of the power supply which reduces the amperage to our equipment or causes an equipment shutdown would result in a reduction in the volume of molten aluminum produced, and prolonged losses of power may result in the hardening or "freezing" of molten aluminum in the pots where it is produced, which could require an expensive and time consuming restart process. Disruptions in the supply of electrical power to our facilities can be caused by a number of circumstances, including unusually high demand, blackouts, equipment or transformer failure, human error, malicious acts, natural disasters or other catastrophic events. Our market-based power supply arrangements further increase the risk that disruptions in the supply of electrical power to our domestic operations could occur. Under these arrangements, we have greater exposure to transmission line outages, problems with grid stability and limitations on energy import capability. An alternative supply of power in the event of a disruption may not be feasible. If a disruption in the supply of electrical power at one of our facilities were to occur, we may lose production for a prolonged period of time, experience pot instability that could decrease levels of productivity and incur significant losses. Such a condition may also force a curtailment of all or part of the production at any of these facilities and could have a material adverse effect on our business, financial position, results of operations and liquidity.
We operate our plants at close to peak amperage. Accordingly, even partial failures of high voltage equipment could affect our production. We maintain property and business interruption insurance to mitigate losses resulting from catastrophic events, but are required to pay significant amounts under the deductible provisions of those insurance policies. In addition, the coverage under those policies may not be sufficient to cover all losses, or may not cover certain events. Certain of our insurance policies do not cover any losses that may be incurred if our suppliers are unable to provide power under certain circumstances. Certain losses or prolonged interruptions in our operations may trigger a default under certain of our outstanding indebtedness and could have a material adverse effect on our business, financial position, results of operations and liquidity.
If we are unable to procure a reliable source of power, the Helguvik project may be further delayed or ultimately may not be feasible which could increase the cost of the project and could expose us to other risks, some of which may not be foreseeable at this time.
The Helguvik project would require generation and transmission of a substantial amount of electricity to power the smelter. Currently, we only have contracted power with one power supplier and this power supplier has alleged that certain conditions to the delivery of power under the power agreement have not yet been satisfied. There is only a limited number of Icelandic power providers with resources sufficient to provide power to the Helguvik project (only three are currently in operation in Iceland) and development of new generation and transmission infrastructure is expensive and subject to unknown risks and uncertainties. If we are unable to reach agreement with our current power supplier and/or secure alternative sources of power, we may substantially increase our expected power costs for the project and may be unable to complete the Helguvik project at all.
In addition, if Nordural Helguvik is unable to proceed with the Helguvik project, it may be exposed to significant contract cancellation and other costs incurred by third-party providers under agreements entered into in connection with the Helguvik project and could remain subject to significant power commitments already confirmed under its existing power agreement.

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 unless and until we are able to commence Helguvik operations in a profitable manner. 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.

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

From time to time, we undertake strategic capital projects in order to enhance, expand and/or upgrade our facilities and operational capabilities. For instance, within the past several years we have undertaken major expansions of our Grundartangi and Vlissingen facilities. Our ability to achieve the anticipated increased revenues or otherwise realize acceptable returns on these investments or other strategic capital projects that we may undertake is subject to a number of risks, many of which are beyond our control, including a variety of market, operational, permitting, and labor-related factors. In addition, the cost to implement any given strategic capital project ultimately may prove to be greater than originally anticipated. If we are not able to achieve the anticipated results from the implementation of any of our strategic capital projects, or if we incur unanticipated implementation costs or delays, our results of operations and financial position may be materially adversely affected.

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

The bargaining unit employees at our Grundartangi, Hawesville, Sebree and Vlissingen facilities are represented by labor unions, representing 63% of our total workforce as of December 31, 2016. If we fail to maintain satisfactory relations with any labor union representing our employees, our labor contracts may not prevent a strike or work stoppage at any of these facilities in the future. As part of any negotiation with a labor union, we may reach agreements with respect to future wages and benefits that may have a material adverse effect on our future business, financial condition, results of operations and liquidity. In addition, negotiations could divert management attention or result in strikes, lock-outs or other work stoppages. Any threatened or actual work stoppage in the future or inability to renegotiate our collective bargaining agreements could prevent or significantly impair our ability to conduct production operations at our facilities subject to these collective bargaining agreements, which could have a material adverse effect on our business, financial position, results of operations and liquidity.

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

Our business depends upon the adequate supply of alumina, electrical power, aluminum fluoride, calcined petroleum coke, pitch, 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. Any supply disruption may require us to purchase these products on less favorable terms than under our current agreements due to the limited number of suppliers of these products or other market conditions. In some instances, we may be unable to secure alternative supply of these resources. Any disruption in our materials or electricity supply may adversely affect our operating results if we are unable to secure alternate supplies of materials or electrical power at comparable prices or at all.

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

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

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

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

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

We have historically derived substantially all of our consolidated net sales from a small number of customers. In 2014, 77% of our consolidated net sales was derived from our top two customers. For the years ended December 31, 2015 and December 31, 2016, we derived approximately 96% and 89%, respectively, of our consolidated net sales from Glencore and we currently have agreements in place with Glencore pursuant to which we have agreed to sell Glencore a substantial portion of our 2017 production as well. We expect that the rest of our 2017 customer base will remain fairly concentrated among a small number of customers under short-term contracts.

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

Our business is subject to operational risks that could adversely affect our business and our insurance may not cover these risks and hazards adequately or at all.

The production of aluminum involves significant operational risks such as accidents, supply interruptions, transportation interruptions, labor disputes, human error, equipment failure, information system breakdowns and other events. Operational malfunctions or interruptions at one or more of our facilities could result in substantial losses in our production capacity, personal injury or death, damage to our properties or the properties of others, monetary losses and potential legal liability. Although we maintain insurance to mitigate losses resulting from such events, our coverage may not be sufficient to cover all losses, may have high deductibles or may not cover certain events at all. To the extent these losses are not covered by insurance, our financial condition, results of operations and cash flows could be materially and adversely affected.

Existing and/or new LME warehousing rules could cause aluminum prices to decrease.

The LME has adopted rules regulating the way registered warehouses in its global network operate. Such rules, for example, require warehouses, under certain conditions, to deliver out more aluminum than they take in and have also imposed minimum daily load-out rates and caps on warehouse charges. These or other new rules could cause an increase in the supply of aluminum to enter the physical market and may cause regional delivery premiums, product premiums and LME aluminum prices to fall. Declines in aluminum prices (and regional delivery, product and other premiums) may materially and adversely affect our liquidity, the amount of cash flow we have available for our capital expenditures and other operating expenses, our ability to access the credit and capital markets and our results of operations.

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 and exchange, tariffs and other trade barriers, and the burdens of complying with a wide variety of foreign laws and regulations. Changes in foreign laws and regulations are generally beyond our ability to control, influence or predict and future adverse changes in these laws could have a material adverse effect on our business, financial position, results of operations and liquidity.

In addition, we may be exposed to fluctuations in currency exchange rates. As a result, an increase in the value of foreign currencies relative to the U.S. dollar could increase our operating expenses which are denominated and payable in those currencies. As we continue to explore other opportunities outside the U.S., including the expansion project at Grundartangi, our currency risk with respect to the Icelandic krona ("ISK"), 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 may decrease the stability of Iceland's economy and financial markets and make cash management activities in Iceland more challenging. 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, but a portion of our funds remain in the Icelandic banks to meet local working capital requirements. As payables become due in Iceland, we must transfer funds through the Icelandic banking system. If economic, financial or political conditions in Iceland were to 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, could be adversely impacted, any of which could have a material adverse effect on our business, financial position, results of operations and liquidity.

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

We have a joint venture agreement pursuant to which we hold a 40% stake in BHH, a carbon anode and cathode facility located in the Guangxi Zhuang Autonomous Region of south China. Because we beneficially own less than a majority of the ownership interests in BHH, we have limited control of the operations of this facility and we must depend in part on our co-owner to operate such assets. Our co-owner may have interests, objectives and incentives with respect to such assets that differ from our own and there can be no assurance that BHH will be operated in accordance with our best interests. Following the completion of the construction of our second furnace at our carbon anode facility in Vlissingen, Netherlands, we made the decision to pursue an exit from this investment but we may not be successful in exiting this investment on terms that are acceptable to us or at all.

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

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

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

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

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

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

As of December 31, 2016, we had an aggregate of approximately $256 million of outstanding debt and we may incur additional debt in the future.

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

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

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

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

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

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

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

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 U.S. revolving credit facility and the indenture governing our 2021 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 currently restrict the free transfer of funds outside of Iceland under certain circumstances. 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.

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

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

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

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these regulations on us will depend on the outcome of the litigation and the form in which these regulations are ultimately implemented, if at all.

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

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

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

We are obligated to comply with various foreign, federal, state and other environmental laws and regulations, including the environmental laws and regulations of the United States, Iceland, China and the EU. Environmental laws and regulations may expose us to costs or liabilities relating to our manufacturing operations or property ownership. We incur operating costs and capital expenditures on an ongoing basis to comply with applicable environmental laws and regulations. We also are currently, and may in the future be, responsible for the cleanup of contamination at some of our current and former facilities or for the amelioration of damage to natural resources. In addition, many of our key suppliers are subject to environmental laws and regulations that may affect their costs of production resulting in an increase in the price of the products that we purchase from them. For instance, some of the power we purchase in the United States is generated at coal-based power plants, which are subject to significant environmental regulation. 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.

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

Glencore beneficially owns approximately 42.9% of our outstanding common stock and all of our outstanding Series A Convertible Preferred stock. In addition, one of our five directors is a Glencore employee. During the year ended December 31, 2016, we derived approximately 89% of our consolidated sales from Glencore and we expect to sell a significant portion of our production to Glencore in 2017. Century and Glencore enter into various transactions such as the purchase and sale of primary aluminum, purchase and sale of alumina, tolling agreements and certain forward financial contracts. Because of the interests described above, Glencore may have substantial influence over our business, and on the outcome of any matters submitted to our stockholders for approval.

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

Acquisitions could disrupt our operations and harm our operating results.

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

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

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

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

As of December 31, 2016, we had federal net operating loss carryforwards of approximately $1.5 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 fifty percentage points over a rolling three-year period. Future transactions in our stock that may not be in our control may cause us to experience such an ownership change and thus limit our ability to utilize net operating losses, tax credits and other tax assets to offset future taxable income.

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

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

Unpredictable events, including natural disasters, dangerous weather conditions 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, 2012, 2014 and 2016, including significant volcanic eruptions and earthquakes. Power is supplied to our Grundartangi smelter from hydroelectric and geothermal sources. Lack of sufficient rain that leads to low water levels in the reservoirs could lead to power curtailments which impact our production.

Future unpredictable events, including natural disasters, dangerous weather conditions 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.

Item 1B. Unresolved Staff Comments

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

Item 2. Properties

Owned Properties:

Facility (1)	Ownership
Hawesville	100%
Sebree	100%
Mt. Holly	100%

Leased Properties:

Facility (1)	Term
Grundartangi	Long-term operating lease through 2020, renewable at expiration at our option for successive ten year periods
Helguvik	Long-term operating lease expected to begin on the date of commercial operations for 50 years with an automatic extension provision for a successive 15 years
Vlissingen	Long-term operating lease through 2017, automatically renewable for five year terms through 2042
Chicago Corporate Office	Long-term operating lease that expires in September 2024

(1) See Item 1 Business — "Primary Aluminum Facilities" and "Carbon Products Facilities" for additional information about our properties.

Our primary aluminum facilities produce standard grade and value-added primary aluminum products. Our current annual primary production capacity is approximately 1,012,000 tonnes per year ("tpy") and we produced approximately 738,000 tonnes of primary aluminum in 2016.

Production at our Hawesville and Mt. Holly facilities is currently curtailed to approximately 40% and 50% of capacity, respectively. Our remaining operating facilities are operating at or near their full productive capacity.

Our Vlissingen facility, located in Vlissingen, the Netherlands, is a carbon anode production facility owned and operated by Century Aluminum Vlissingen B.V. Production at Vlissingen, which had been curtailed by its previous owner, was restarted in late 2013 with an initial annual carbon anode production capacity of 75,000 tonnes. In 2015, we completed our project to expand its annual production capacity to its current annual capacity of 145,000 tonnes. The BHH facility has an annual carbon anode production capacity of 180,000 tonnes and an annual cathode baking and graphitization capacity of 20,000 tonnes.

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

We are a party from time to time in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on our financial position, operating results and cash flows. For information regarding material legal proceedings pending against us at December 31, 2016, refer to Note 15 Commitments and contingencies to the consolidated financial statements included herein.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

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.

	2016		2015	
	High sales price	Low sales price	High sales price	Low sales price
First quarter	$8.94	$2.63	$26.97	$12.87
Second quarter	9.40	5.64	14.98	10.13
Third quarter	8.45	5.53	10.59	4.07
Fourth quarter	10.69	6.51	7.21	3.19

Holders

As of February 28, 2017, there were 63 holders of record of our common stock, which does not include the number of beneficial owners whose common stock was held in street name or through fiduciaries.

Dividend Information

We did not declare dividends on our common stock in 2016 or 2015. We do not plan to declare cash dividends in the foreseeable future. Any declaration of dividends is at the discretion of our Board of Directors.

Our U.S. revolving credit facility and the indenture governing our 2021 Notes contain restrictions which limit our ability to pay dividends. Additional information about the terms of our long-term borrowing agreements is available at Note 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 500 Index and the Morningstar Aluminum Index. These comparisons assume the investment of $100 on December 31, 2011 and the reinvestment of dividends.

Comparison of Cumulative Total Return to Stockholders from December 31, 2011 through December 31, 2016

As of December 31,	2011	2012	2013	2014	2015	2016
Century Aluminum Company	$100	$103	$123	$287	$ 52	$101
Morningstar Aluminum Index	100	103	108	149	93	96
S&P 500 Index	100					