

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

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

For the quarterly period ended June 30, 2019

OR

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

For the transition period from _____ to _____.

Commission file number 001-34474



Century Aluminum Company

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

13-3070826

(IRS Employer Identification No.)

One South Wacker Drive

60606

Suite 1000

(Zip Code)

Chicago

Illinois

(Address of principal executive 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:	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock, \$0.01 par value per share	CENX	Nasdaq Stock Market LLC (Nasdaq Global Select Market)

The registrant had 88,893,767 shares of common stock outstanding at August 1, 2019.

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). ☒ Yes ☐ No

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

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

☐ Yes ☒ No

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
NET SALES:				
Related parties	\$ 305.0	\$ 282.7	\$ 616.4	\$ 579.0
Other customers	168.1	187.3	346.8	345.5
Total net sales	473.1	470.0	963.2	924.5
Cost of goods sold	477.2	436.3	980.1	876.2
Gross profit (loss)	(4.1)	33.7	(16.9)	48.3
Selling, general and administrative expenses	11.9	12.0	26.6	22.7
Other operating (income) expense - net	0.3	0.2	0.6	0.6
Operating income (loss)	(16.3)	21.5	(44.1)	25.0
Interest expense - term loan	(0.6)	—	(0.6)	—
Interest expense	(5.8)	(5.6)	(11.7)	(11.2)
Interest income	0.2	0.5	0.4	0.9
Net gain (loss) on forward and derivative contracts	6.1	1.2	0.4	1.9
Other income (expense) - net	(1.7)	2.1	(0.5)	1.3
Income (loss) before income taxes and equity in earnings of joint ventures	(18.1)	19.7	(56.1)	17.9
Income tax benefit (expense)	1.6	(2.3)	4.4	(1.4)
Income (loss) before equity in earnings of joint ventures	(16.5)	17.4	(51.7)	16.5
Loss on sale of BHH	(4.3)	—	(4.3)	—
Equity in earnings of joint ventures	0.1	2.0	0.7	2.6
Net income (loss)	\$ (20.7)	\$ 19.4	\$ (55.3)	\$ 19.1
Net income (loss) allocated to common stockholders	\$ (20.7)	\$ 17.9	\$ (55.3)	\$ 17.6
EARNINGS (LOSS) PER COMMON SHARE:				
Basic and diluted	\$ (0.23)	\$ 0.20	\$ (0.63)	\$ 0.20
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	88.8	87.6	88.5	87.6
Diluted	88.8	88.4	88.5	88.4

See condensed notes to consolidated financial statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Comprehensive income (loss):				
Net income (loss)	\$ (20.7)	\$ 19.4	\$ (55.3)	\$ 19.1
Other comprehensive income before income tax effect:				
Net loss on foreign currency cash flow hedges reclassified as income	(0.0)	(0.0)	(0.1)	(0.1)
Defined benefit plans and other postretirement benefits:				
Amortization of prior service benefit (cost) during the period	(1.3)	(1.4)	(2.5)	(3.2)
Amortization of net gain (loss) during the period	2.5	4.4	4.4	7.1
Other comprehensive income before income tax effect	1.2	3.0	1.8	3.8
Income tax effect	(0.2)	(0.4)	(0.5)	(0.8)
Other comprehensive income	1.0	2.6	1.3	3.0
Total comprehensive income (loss)	\$ (19.7)	\$ 22.0	\$ (54.0)	\$ 22.1

See condensed notes to consolidated financial statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED BALANCE SHEETS

(in millions)

(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	\$ 25.7	\$ 38.9
Restricted cash	0.8	0.8
Accounts receivable - net	92.3	82.5
Due from affiliates	21.4	22.7
Inventories	339.2	343.8
Prepaid and other current assets	22.2	18.0
Total current assets	501.6	506.7
Property, plant and equipment - net	951.5	967.3
Leases - right of use assets	24.3	—
Other assets	37.9	63.5
TOTAL	\$ 1,515.3	\$ 1,537.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	\$ 98.3	\$ 119.4
Due to affiliates	13.5	10.3
Accrued and other current liabilities	55.9	52.5
Accrued employee benefits costs	11.0	11.0
Term loan - current	10.0	—
Revolving credit facility	8.1	23.3
Industrial revenue bonds	7.8	7.8
Total current liabilities	204.6	224.3
Senior notes payable	248.9	248.6
Term loan - less current portion	30.0	—
Accrued pension benefits costs - less current portion	49.0	50.9
Accrued postretirement benefits costs - less current portion	101.5	101.2
Other liabilities	47.9	46.0
Leases - right of use liabilities	23.5	—
Deferred taxes	100.5	104.3
Total noncurrent liabilities	601.3	551.0
COMMITMENTS AND CONTINGENCIES (NOTE 11)	—	—
SHAREHOLDERS' EQUITY:		
Preferred stock (Note 7)	0.0	0.0
Common stock (Note 7)	1.0	1.0
Additional paid-in capital	2,524.3	2,523.0
Treasury stock, at cost	(86.3)	(86.3)
Accumulated other comprehensive loss	(98.7)	(98.7)
Accumulated deficit	(1,630.9)	(1,576.8)
Total shareholders' equity	709.4	762.2
TOTAL	\$ 1,515.3	\$ 1,537.5

See condensed notes to consolidated financial statements

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

	Six months ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (55.3)	\$ 19.1
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Loss on sale of BHH	4.3	—
Unrealized (gain) loss on derivative instruments	(0.8)	(1.2)
Lower of cost or NRV inventory adjustment	13.4	(3.2)
Depreciation and amortization	43.1	43.6
Other non-cash items - net	(5.1)	(8.2)
Change in operating assets and liabilities:		
Accounts receivable - net	0.7	(53.5)
Due from affiliates	1.6	3.8
Inventories	(8.9)	(42.3)
Prepaid and other current assets	2.1	(0.9)
Accounts payable, trade	(23.1)	28.0
Due to affiliates	2.9	(18.1)
Accrued and other current liabilities	(1.6)	2.2
Other - net	1.1	0.3
Net cash provided by (used in) operating activities	(25.6)	(30.4)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(23.3)	(13.0)
Proceeds from sale of joint venture	10.5	—
Net cash provided by (used in) investing activities	(12.8)	(13.0)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under term loan	40.0	—
Borrowings under revolving credit facilities	288.2	—
Repayments under revolving credit facilities	(303.3)	—
Other short-term borrowings	3.4	—
Repayment on other short-term borrowings	(3.4)	—
Issuance of common stock	0.3	0.2
Net cash provided by (used in) financing activities	25.2	0.2
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(13.2)	(43.2)
Cash, cash equivalents and restricted cash, beginning of period	39.7	168.0
Cash, cash equivalents and restricted cash, end of period	\$ 26.5	\$ 124.8
Supplemental Cash Flow Information:		
Cash paid for:		
Interest	\$ 10.6	\$ 9.9
Taxes	0.3	3.6
Non-cash investing activities:		
Capital expenditures	2.1	6.6

See condensed notes to consolidated financial statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions)

(Unaudited)

	Preferred stock	Common stock	Additional paid-in capital	Treasury stock, at cost	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
Balance, December 31, 2017	\$ 0.0	\$ 0.9	\$ 2,517.4	\$ (86.3)	\$ (91.7)	\$ (1,510.7)	\$ 829.6
Net income (loss)	—	—	—	—	—	19.1	19.1
Other comprehensive income (loss)	—	—	—	—	3.0	—	3.0
Share-based compensation	—	0.0	1.4	—	—	—	1.4
Conversion of preferred stock to common stock	0.0	0.0	0.0	—	—	—	0.0
Balance, June 30, 2018	\$ 0.0	\$ 0.9	\$ 2,518.8	\$ (86.3)	\$ (88.7)	\$ (1,491.6)	\$ 853.1
Balance, December 31, 2018	\$ 0.0	\$ 1.0	\$ 2,523.0	\$ (86.3)	\$ (98.7)	\$ (1,576.8)	\$ 762.2
Impact of ASU 2018-02*	—	—	—	—	(1.3)	1.3	—
Net income (loss)	—	—	—	—	—	(55.3)	(55.3)
Other comprehensive income (loss)	—	—	—	—	1.3	—	1.3
Share-based compensation	—	0.0	1.3	—	—	—	1.3
Conversion of preferred stock to common stock	0.0	0.0	0.0	—	—	—	0.0
Balance, June 30, 2019	\$ 0.0	\$ 1.0	\$ 2,524.3	\$ (86.3)	\$ (98.7)	\$ (1,630.9)	\$ 709.4

*ASU 2018-02 Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. See [Note 8, Income Taxes](#) for further information regarding our adoption of ASU 2018-02.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements
Three and six months ended June 30, 2019 and 2018
(amounts in millions, except share and per share amounts)
(Unaudited)

1. General

The accompanying unaudited interim consolidated financial statements of Century Aluminum Company should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018. In management's opinion, the unaudited interim consolidated financial statements reflect all adjustments, which are of a normal and recurring nature, that are necessary for a fair presentation of financial results for the interim periods presented. Operating results for the first six months of 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. Throughout this Form 10-Q, and unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum," "Century," the "Company," "we," "us," "our" and "ours" refer to Century Aluminum Company and its consolidated subsidiaries.

2. Related Party Transactions

The significant related party transactions occurring during the six months ended June 30, 2019 and 2018 are described below. We believe all of our transactions with Glencore and BHH are at prices that approximate market.

Glencore ownership

As of June 30, 2019, Glencore plc and its affiliates (together "Glencore") beneficially owned 42.9% of Century's outstanding common stock (47.0% on a fully-diluted basis assuming the conversion of all of the Series A Convertible Preferred Stock) and all of our outstanding Series A Convertible Preferred Stock. See [Note 7. Shareholders' Equity](#) for a description of our outstanding Series A Convertible Preferred Stock. From time to time Century and Glencore enter into various transactions for the purchase and sale of primary aluminum, purchase and sale of alumina, certain forward financial contracts and loan agreements.

Sales to Glencore

For the three months ended June 30, 2019 and 2018 we derived 64.5% and 60.1%, respectively, of our consolidated net sales from sales to Glencore, while for the six months ended June 30, 2019 and 2018, we derived 64.0% and 62.6%, respectively, of our consolidated net sales from sales to Glencore. Glencore purchases the aluminum we produce for resale.

Glencore purchases aluminum produced at our North American smelters at prices based on the London Metal Exchange (the "LME") plus the Midwest regional delivery premium and any product premiums. Glencore purchases aluminum produced at our Grundartangi, Iceland smelter at prices based on the LME plus the European Duty Paid premium and any applicable product premiums.

We have entered into agreements with Glencore pursuant to which we sell certain amounts of alumina at prices that approximate market. For the three months ended June 30, 2019, we recorded \$13.6 million of revenue related to 37,904 tonnes. For the six months ended June 30, 2019, we recorded \$21.8 million of revenue related to 59,769 tonnes.

Purchases from Glencore

We purchase a portion of our alumina requirements from Glencore. Alumina purchases from Glencore during the six months ended June 30, 2019, were priced based on a published alumina index.

Financial contracts with Glencore

We have certain financial contracts with Glencore. See [Note 14. Derivatives](#) regarding these forward financial sales contracts.

Hawesville Term Loan

On April 29, 2019, we entered into a loan agreement with Glencore pursuant to which the Company borrowed \$40.0 million (the "Hawesville Term Loan") on that date. See [Note 10. Debt](#) for additional information. Borrowings under the Hawesville Term Loan are expected to be used to partially finance the second phase of the Hawesville restart project.

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

Ownership in Baise Haohai Carbon Co., Ltd. ("BHH")

On May 22, 2019, Century Aluminum Asia Holdings Ltd. ("CAHL"), a wholly-owned subsidiary of Century Aluminum Company, entered into an equity transfer agreement (the "Equity Transfer Agreement") with Guangxi Qiangqiang Carbon Co., Ltd. ("GQQ") pursuant to which GQQ agreed to acquire all of our 40% interest in BHH. We previously owned a 40% stake in BHH, with an agreement to purchase carbon anodes from them for use in our manufacturing operations.

As consideration for the sale, GQQ has agreed to pay RMB144.9 million in cash, payable in two equal installments. The first payment was received in June 2019 and the second payment is due not later than December 31, 2019. In connection with this sale, we recorded a loss of \$4.3 million in the Consolidated Statements of Operations during the three months ended June 30, 2019. We also recorded a \$10.6 million receivable for the second payment, included as Accounts receivable - net, in the Consolidated Balance Sheets as of June 30, 2019.

Summary

A summary of the aforementioned significant related party transactions is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net sales to Glencore	\$ 305.0	\$ 282.7	\$ 616.4	\$ 579.0
Purchases from Glencore	115.6	100.0	206.3	148.5
Purchases from BHH	8.5	8.1	14.6	15.5

3. Revenue

We recognize revenue in accordance with ASC 606, "Revenue from Contracts with Customers" and the related amendments ("ASC 606"). We disaggregate our revenue by geographical region as follows:

Net Sales	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
United States	\$ 309.5	\$ 279.4	\$ 634.8	\$ 547.6
Iceland	163.6	190.6	328.4	376.9
Total	\$ 473.1	\$ 470.0	\$ 963.2	\$ 924.5

Trade accounts receivable - net as of June 30, 2019 remained flat from December 31, 2018.

4. Leases

On January 1, 2019 we adopted ASC 842, "Leases" and the related amendments ("ASC 842") using the modified retrospective transition method. Accordingly, the comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The cumulative effect to retained earnings of initially applying this standard was zero.

In adopting ASC 842, we have not separated lease and non-lease components within our contracts and we have not recognized the impact of leases with terms of less than one year in the right of use asset ("ROUA") and right of use liability ("ROUL") balances recorded as part of the adoption of ASC 842. Furthermore, we elected the package of three practical expedients, which allowed us to not reassess whether expired or existing contracts contain leases, lease classification of existing leases, and whether previously capitalized initial direct costs would qualify for capitalization under Topic 842. We do not have any initial direct costs that were previously capitalized. As of June 30, 2019, our ROUA balance recorded in Leases-right of use assets as part of Non-current assets is \$24.3 million, our ROUL balance recorded as part of Accrued and other current liabilities is \$1.8 million and our ROUL balance recorded as part of noncurrent liabilities is \$23.5 million.

The undiscounted maturities of our operating lease liability balances are as follows (in millions):

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

Year	As of June 30, 2019	
2019	\$	1.4
2020		0.4
2021		0.3
2022		0.1
2023		0.2
Thereafter		39.9
Total		42.3
Less: Interest		(17.0)
ROUL	\$	25.3

We are a lessee in various agreements for the lease of office space, land, automobiles, and mobile equipment. All our leases are considered operating leases. The terms of our leases vary, including the lease term and the ability to renew or extend certain leases. As part of determining the lease term and potential extensions for purposes of calculating the ROUA and ROUL, we considered our historical practices related to renewal of certain leases. The weighted average remaining lease term for our operating leases as of June 30, 2019 is 14.4 years. Certain lease payment amounts are variable in nature and change periodically based on the local market consumer price index.

We used our incremental borrowing rate as the basis for the discount rate used to calculate the ROUA and ROUL for our operating leases. The incremental borrowing rate was determined on a lease-by-lease basis and is based on the rate of interest that we would have to pay to borrow on a collateralized basis over a similar term for an amount equal to our lease payments. We have considered the most likely financing options available for each lease based on the leased asset, legal entity party to the lease, economic environment in which the lease is denominated, the market conditions relative to the leased asset and our historical practices of obtaining financing for similar types of costs. The weighted average discount rate for our operating leases as of June 30, 2019 is 7.3%.

Total operating lease expense for the three and six months ended June 30, 2019 was \$2.3 million and \$4.5 million, respectively, which includes short term lease expense of \$1.1 million and \$2.1 million, respectively. Total lease expense is included in cost of goods sold and selling, general, and administrative expenses on the Consolidated Statements of Operations. The full balance of operating lease expense is included in operating income on the Consolidated Statements of Operations. During the six months ended June 30, 2019, we had cash outflows of \$2.0 million for amounts included in the ROUL balance at the beginning of the period related to our operating leases.

During the six months ended June 30, 2019, we did not enter any material new lease agreements.

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

5. Fair Value Measurements

We measure certain of our assets and liabilities at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Recurring Fair Value Measurements		As of June 30, 2019			
		Level 1	Level 2	Level 3	Total
ASSETS:					
Cash equivalents	\$	14.5	\$ —	\$ —	\$ 14.5
Trust assets ⁽¹⁾		1.1	—	—	1.1
Surety bonds		2.1	—	—	2.1
Derivative instruments		—	6.3	7.2	13.5
TOTAL	\$	17.7	\$ 6.3	\$ 7.2	\$ 31.2
LIABILITIES:					
Contingent obligation – net	\$	—	\$ —	\$ —	\$ —
Derivative instruments		—	4.1	3.0	7.1
TOTAL	\$	—	\$ 4.1	\$ 3.0	\$ 7.1

Recurring Fair Value Measurements		As of December 31, 2018			
		Level 1	Level 2	Level 3	Total
ASSETS:					
Cash equivalents	\$	7.5	\$ —	\$ —	\$ 7.5
Trust assets ⁽¹⁾		0.1	—	—	0.1
Surety bonds		2.1	—	—	2.1
Derivative instruments		—	3.2	5.0	8.2
TOTAL	\$	9.7	\$ 3.2	\$ 5.0	\$ 17.9
LIABILITIES:					
Contingent obligation – net	\$	—	\$ —	\$ —	\$ —
Derivative instruments		—	2.0	0.5	2.5
TOTAL	\$	—	\$ 2.0	\$ 0.5	\$ 2.5

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

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

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

Level 2 and Level 3 Fair Value Measurements:

Asset / Liability	Level	Valuation Techniques	Inputs
LME forward financial sales contracts - ST	2	Discounted cash flows	Quoted LME forward market
LME forward financial sales contracts - LT	3	Discounted cash flows	Quoted LME forward market, discount rate
MWP forward financial sales contracts	2	Discounted cash flows	Quoted MWP forward market
Fixed for floating swaps	2	Discounted cash flows	Quoted LME forward market, quoted MWP forward market
Nord Pool Power price swaps	2	Discounted cash flows	Quoted Nord Pool forward market
FX swaps	2	Discounted cash flows	Euro/USD forward exchange rate
Contingent obligation	3	Discounted cash flows	Quoted LME forward market, management's estimates of the LME forward market prices for periods beyond the quoted periods, management's estimates of future level of operations
Hawesville L4 power price swaps	3	Discounted cash flows	Quoted Indy hub forward market, management's estimates of the locational marginal prices during the terms of the contracts

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

6. Earnings (Loss) Per Share

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

The following table shows the basic and diluted earnings (loss) per share:

	For the three months ended June 30,					
	2019			2018		
	Net Income (Loss)	Shares (in millions)	Per Share	Net Income (Loss)	Shares (in millions)	Per Share
Net income (loss)	\$ (20.7)			\$ 19.4		
Amount allocated to common stockholders	100.0%			92.2%		
Basic EPS:						
Net income (loss) allocated to common stockholders	\$ (20.7)	88.8	\$ (0.23)	\$ 17.9	87.6	\$ 0.20
Effect of Dilutive Securities:						
Share-based compensation	—	—		—	0.8	
Diluted EPS:						
Net income (loss) allocated to common stockholders with assumed conversion	\$ (20.7)	88.8	\$ (0.23)	\$ 17.9	88.4	\$ 0.20

	For the six months ended June 30,					
	2019			2018		
	Net Income (Loss)	Shares (in millions)	Per Share	Net Income (Loss)	Shares (in millions)	Per Share
Net income (loss)	\$ (55.3)			\$ 19.1		
Amount allocated to common stockholders	100.0%			92.2%		
Basic EPS:						
Net income (loss) allocated to common stockholders	\$ (55.3)	88.5	\$ (0.63)	\$ 17.6	87.6	\$ 0.20
Effect of Dilutive Securities:						
Share-based compensation	—	—		—	0.8	
Diluted EPS:						
Net income (loss) allocated to common stockholders with assumed conversion	\$ (55.3)	88.5	\$ (0.63)	\$ 17.6	88.4	\$ 0.20

	Three months ended June 30,		Six months ended June 30,	
<i>Securities excluded from the calculation of diluted EPS (in millions)⁽¹⁾:</i>	2019	2018	2019	2018
Share-based compensation	0.7	0.6	0.6	0.6

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

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7. Shareholders' Equity

Common Stock

As of June 30, 2019 and December 31, 2018, we had 195,000,000 shares of common stock, \$0.01 par value per share, authorized under our Restated Certificate of Incorporation, of which 96,080,288 shares were issued and 88,893,767 shares were outstanding at June 30, 2019; 95,289,961 shares were issued and 88,103,440 shares were outstanding at December 31, 2018.

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

Preferred Stock

As of June 30, 2019 and December 31, 2018, we had 5,000,000 shares of preferred stock, \$0.01 par value per share, authorized under our Restated Certificate of Incorporation. In 2008, we issued 160,000 shares of our Series A Convertible Preferred Stock. At June 30, 2019 and December 31, 2018, there were 68,575 and 71,967 shares of Series A Convertible Preferred Stock outstanding, respectively, and held by Glencore.

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

The Common and Preferred Stock table below contains additional information about preferred stock conversions during the six months ended June 30, 2019 and 2018.

Common and Preferred Stock Activity (in shares):	Preferred stock	Common stock	
	Series A convertible	Treasury	Outstanding
Beginning balance as of December 31, 2018	71,967	7,186,521	88,103,440
Conversion of convertible preferred stock	(3,392)	—	339,166
Issuance for share-based compensation plans	—	—	451,161
Ending balance as of June 30, 2019	68,575	7,186,521	88,893,767
Beginning balance as of December 31, 2017	74,364	7,186,521	87,544,777
Conversion of convertible preferred stock	(241)	—	24,167
Issuance for share-based compensation plans	—	—	32,147
Ending balance as of June 30, 2018	74,123	7,186,521	87,601,091

Stock Repurchase Program

In 2011, our Board of Directors authorized a \$60.0 million common stock repurchase program and during the first quarter of 2015, our Board of Directors increased the size of the program by \$70.0 million. Under the program, Century is authorized to repurchase up to \$130.0 million of our outstanding shares of common stock, from time to time, on the open market at prevailing market prices, in block trades or otherwise. The timing and amount of any shares repurchased will be determined by our management based on its evaluation of market conditions, the trading price of our common stock and other factors. The stock repurchase program may be suspended or discontinued at any time.

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

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Through June 30, 2019, we had repurchased 7,186,521 shares of common stock for an aggregate purchase price of \$86.3 million. We have made no share repurchases since April 2015 and we have \$43.7 million remaining under the repurchase program authorization as of June 30, 2019.

8. Income Taxes

We recorded an income tax benefit of \$1.6 million and tax expense of \$2.3 million for the three months ended June 30, 2019 and June 30, 2018, respectively. For the six months ended June 30, 2019 and 2018, we recorded an income tax benefit of \$4.4 million and tax expense of \$1.4 million, respectively, which primarily consisted of tax impacts from foreign operations in each period.

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

As of June 30, 2019, all of Century's U.S. and certain foreign deferred tax assets, net of deferred tax liabilities, continue to be subject to a valuation allowance.

On December 22, 2017, the President of the United States signed into law tax reform legislation (informally known as the Tax Cuts and Jobs Act (the "Act" or "Tax Act")) that made significant changes to various areas of U.S. federal income tax law. On January 1, 2019, the Company adopted ASU 2018-02, "Income Statement-Reporting Comprehensive Income (Topic 220), Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," which provides for the reclassification from accumulated other comprehensive income to retained earnings of stranded tax effects resulting from the Tax Act. In accordance with the provisions of the ASU, \$1.3 million of stranded tax effects related to the Tax Act were reclassified from accumulated other comprehensive loss to retained earnings in the first quarter of 2019. This reclassification includes the impact of the change in the federal corporate income tax rate and the related federal benefit of state taxes.

The Company's accounting policy with respect to releasing income tax effects from accumulated other comprehensive income is to apply a security by security approach whereby the tax effects are measured based on the change in the unrealized gains or losses reflected in other comprehensive loss.

9. Inventories

Inventories consist of the following:

	June 30, 2019	December 31, 2018
Raw materials	\$ 100.3	\$ 100.8
Work-in-process	51.5	49.5
Finished goods	33.8	47.3
Operating and other supplies	153.6	146.2
Total inventories	<u>\$ 339.2</u>	<u>\$ 343.8</u>

Inventories are stated at the lower of cost or Net Realizable Value ("NRV") using the first-in, first-out ("FIFO") or the weighted average cost method.

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10. Debt

	June 30, 2019	December 31, 2018
Debt classified as current liabilities:		
Term loan - current portion ⁽¹⁾ , interest payable monthly	\$ 10.0	\$ —
Hancock County industrial revenue bonds ("IRBs") due April 1, 2028, interest payable quarterly (variable interest rates (not to exceed 12%)) ⁽²⁾	7.8	7.8
U.S. revolving credit facility ⁽³⁾	8.1	23.3
Debt classified as non-current liabilities:		
7.5% senior secured notes due June 1, 2021, net of debt discount of \$1.1 million and \$1.4 million, respectively, interest payable semiannually	248.9	248.6
Term loan - less current portion ⁽¹⁾ , interest payable monthly	30.0	—
Total	\$ 304.8	\$ 279.7

⁽¹⁾ See "Hawesville Term Loan" paragraph below. At June 30, 2019, the applicable interest rate was LIBOR of 2.53% plus margin of 5.375%.

⁽²⁾ The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The IRB interest rate at June 30, 2019 was 2.09%.

⁽³⁾ The U.S. revolving credit facility is classified as a current liability because we repay amounts outstanding and reborrow funds based on our working capital requirements. Borrowings bear interest at our option of either LIBOR or a base rate, plus, in each case, an applicable interest margin. At June 30, 2019, all outstanding borrowings were subject to a rate of 6.00%.

7.5% Notes due 2021

General. On June 4, 2013, we issued \$250.0 million of our 7.5% Notes due June 1, 2021 (the "2021 Notes") in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended. The 2021 Notes were issued at a discount and bear interest at the rate of 7.5% per annum on the principal amount, payable semi-annually in arrears in cash on June 1st and December 1st of each year.

Fair Value. Fair value for our 2021 Notes was based on the latest trading data available and was \$249.0 million and \$247.9 million, as of June 30, 2019 and December 31, 2018, respectively. Although we use quoted market prices for identical debt instruments, the markets on which they trade are not considered to be active and are therefore considered Level 2 fair value measurements.

Hawesville Term Loan

On April 29, 2019, we entered into a loan agreement with Glencore pursuant to which the Company borrowed \$40.0 million. Borrowings under the Hawesville Term Loan are expected to be used to partially finance the second phase of the Hawesville restart project. The Hawesville Term Loan matures on December 31, 2021, and is to be repaid in twenty-four (24) equal monthly installments of principal, beginning on January 31, 2020. The Hawesville Term Loan bears interest, due monthly beginning at inception, at a floating rate equal to LIBOR plus 5.375% and is not secured by any collateral.

U.S. Revolving Credit Facility

We and certain of our direct and indirect domestic subsidiaries have a senior secured revolving credit facility with a syndicate of lenders (the "U.S. revolving credit facility"). The U.S. revolving credit facility provides for borrowings of up to \$175.0 million in the aggregate, including up to \$110.0 million under a letter of credit sub-facility, and also includes an uncommitted accordion feature whereby borrowers may increase the capacity of the U.S. revolving credit facility by up to \$50.0 million, subject to agreement with the lenders.

The U.S. revolving credit facility matures on the earlier of May 2023 or six months before the stated maturity of our outstanding senior secured notes. Any letters of credit issued and outstanding under the U.S. revolving credit facility reduce our borrowing availability on a dollar-for-dollar basis. At June 30, 2019, there were \$8.1 million in outstanding borrowings.

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under our U.S. revolving credit facility. Principal payments, if any, are due upon maturity of the U.S. revolving credit facility.

<u>Status of our U.S. revolving credit facility:</u>	June 30, 2019	
Credit facility maximum amount	\$	175.0
Borrowing availability		172.3
Outstanding letters of credit issued		37.6
Outstanding borrowings		8.1
Borrowing availability, net of outstanding letters of credit and borrowings		126.5

Iceland Revolving Credit Facility

Our wholly-owned subsidiary, Nordural Grundartangi ehf ("Grundartangi"), has entered into a \$50.0 million revolving credit facility agreement with Landsbankinn hf., dated November 2013 as amended. Under the terms of the Iceland revolving credit facility, when Grundartangi borrows funds it will designate a repayment date, which may be any date prior to the maturity of the Iceland revolving credit facility. The Iceland revolving credit facility has a term through November 2020.

<u>Status of our Iceland revolving credit facility:</u>	June 30, 2019	
Credit facility maximum amount	\$	50.0
Borrowing availability		50.0
Outstanding letters of credit issued		—
Outstanding borrowings		—
Borrowing availability, net of borrowings		50.0

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11. Commitments and Contingencies

Environmental Contingencies

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

It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. All accrued amounts have been recorded without giving effect to any possible future recoveries. Costs for ongoing environmental compliance, including maintenance and monitoring are expensed as incurred.

Vernon

In July 2006, we were named as a defendant, together with certain affiliates of Alcan Inc., in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California, which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC in July 1999. The complaint also seeks costs and attorney fees. The matter was stayed by the court in 2008 to allow for the remediation of environmental areas at the site. On June 30, 2016, the U.S. District Court for the District of Delaware ordered the stay lifted and reopened the case. Discovery is expected to be completed in the third quarter of 2019, and trial is currently set to begin in the second quarter of 2020. At this stage, we cannot predict the ultimate outcome of this action or estimate a range of possible losses related to this matter.

Matters relating to the St. Croix Alumina Refining Facility

We are a party to a United States Environmental Protection Agency Administrative Order on Consent (the "Order") pursuant to which certain past and present owners of an alumina refining facility at St. Croix, Virgin Islands (the "St. Croix Alumina Refinery") have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater are delivered to the adjacent petroleum refinery where they are received and managed. At this time, we are not able to estimate the amount of any future potential payments under this indemnification to comply with the Order, but we do not anticipate that any such amounts will have a material adverse effect on our financial condition, results of operations or liquidity, regardless of the final outcome.

In December 2010, Century was among several defendants named in a lawsuit filed by plaintiffs who either worked, resided or owned property in the area downwind from the St. Croix Alumina Refinery. In March 2011, Century was also named a defendant in a nearly identical suit brought by certain additional plaintiffs. The plaintiffs in both suits allege damages caused by the presence of red mud and other particulates coming from the alumina facility and are seeking unspecified monetary damages, costs and attorney fees as well as certain injunctive relief. We tendered indemnity and defense to St. Croix Alumina LLC and Alcoa Alumina & Chemical LLC under the terms of an acquisition agreement relating to the facility and have filed motions to dismiss plaintiffs' claims. In August 2015, the Superior Court of the Virgin Islands, Division of St. Croix denied the motions to dismiss but ordered all plaintiffs to refile individual complaints. On February 28, 2018, plaintiffs in both cases filed a Motion for Voluntary Dismissal of Century without prejudice to refile. At this time, it is not possible to predict the ultimate outcome of or to estimate a range of possible losses for any of the foregoing actions relating to the St. Croix Alumina Refinery.

Legal Contingencies

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

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inherent uncertainties of litigation, should the outcome of these actions be unfavorable, our business, financial condition, results of operations and liquidity could be materially and adversely affected.

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

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

Ravenswood Retiree Medical Benefits Changes

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

On August 18, 2017, the District Court for the Southern District of West Virginia approved a settlement agreement in respect of these actions. Under the terms of the settlement agreement, CAWV agreed to make payments into a trust for the benefit of the CAWV Retirees in the aggregate amount of \$23.0 million over the course of 10 years. Upon approval of the settlement, we paid \$5.0 million to the aforementioned trust in September 2017 and recognized a gain of \$5.5 million to arrive at the then net present value of the liability of \$12.5 million. CAWV has agreed to pay the remaining amounts under the settlement agreement in annual increments of \$2.0 million for nine years. As of June 30, 2019, \$2.0 million had been recorded in other current liabilities and \$10.3 million was recorded in other liabilities.

PBGC Settlement

In 2013, we entered into a settlement agreement with the Pension Benefit Guarantee Corporation ("PBGC") regarding an alleged "cessation of operations" at our Ravenswood facility. Pursuant to the terms of the agreement, we agreed to make additional contributions (above any minimum required contributions) to our defined benefit pension plans totaling approximately \$17.4 million. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we are able to defer one or more of these payments provided that we provide the PBGC with acceptable security for such deferred payments. We did not make any contributions for the six month periods ended June 30, 2019 and 2018. We have elected to defer certain payments under the PBGC agreement and have provided the PBGC with the appropriate security. The remaining contributions under this agreement are approximately \$9.6 million.

Power Commitments and Contingencies

Hawesville

Hawesville has a power supply arrangement with Kenergy and EDF Trading North America, LLC ("EDF") which provides market-based power to the Hawesville smelter. Under this arrangement, the power companies purchase power on the open market and pass it through to Hawesville at Midcontinent Independent System Operator ("MISO") pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2020. Each of these agreements provide for automatic extension on a year-to-year basis unless a one-year notice is given.

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Sebree

Sebree has a power supply arrangement with Kenergy and EDF which provides market-based power to the Sebree smelter. Similar to the arrangement at Hawesville, the power companies purchase power on the open market and pass it through to Sebree at MISO pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2020. Each of these agreements provides for automatic extension on a year-to-year basis unless a one-year notice is given.

Mt. Holly

Mt. Holly has a power supply arrangement pursuant to which 25% of the Mt. Holly load is served from the South Carolina Public Service Authority's ("Santee Cooper") generation at a cost-based industrial rate and 75% of the Mt. Holly load is sourced from a supplier that is outside Santee Cooper's service territory at market prices that are tied to natural gas prices. The agreement with Santee Cooper has a term through December 31, 2020 and may be terminated by Mt. Holly on 120 days' notice. The agreement with the other power supplier has a term through December 31, 2020 and may be terminated by Mt. Holly on 60 days' notice.

Grundartangi

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

Helguvik

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

Other Commitments and Contingencies

Labor Commitments

The bargaining unit employees at our Grundartangi, Vlissingen, Hawesville and Sebree facilities are represented by labor unions, representing approximately 66% of our total workforce.

Approximately 87% of Grundartangi's work force is represented by five labor unions, governed by a labor agreement which is effective through December 31, 2019 that establishes wages and work rules for covered employees. 100% of Vlissingen's work force is represented by the Federation for the Metal and Electrical Industry ("FME") by a labor agreement that is effective through December 1, 2020.

Approximately 55% of our U.S. based work force is represented by USW. The labor agreement for Hawesville employees is effective through April 1, 2020. Century Sebree's labor agreement with the USW for its employees is effective through October 28, 2023. Mt. Holly employees are not represented by a labor union.

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12. Components of Accumulated Other Comprehensive Loss

Components of AOCL:

	June 30, 2019	December 31, 2018
Defined benefit plan liabilities	\$ (105.4)	\$ (107.3)
Unrealized loss on financial instruments	2.4	2.5
Other comprehensive loss before income tax effect	(103.0)	(104.8)
Income tax effect ⁽¹⁾	4.3	6.1
Accumulated other comprehensive loss	\$ (98.7)	\$ (98.7)

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

	June 30, 2019	December 31, 2018
Defined benefit plan liabilities	\$ 4.8	\$ 6.6
Unrealized loss on financial instruments	(0.5)	(0.5)

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

	Defined benefit plan and other postretirement liabilities	Unrealized gain (loss) on financial instruments	Total, net of tax
Balance, April 1, 2019	\$ (101.7)	\$ 2.0	\$ (99.7)
Net amount reclassified to net income (loss)	1.0	0.0	1.0
Balance, June 30, 2019	\$ (100.7)	\$ 2.0	\$ (98.7)
Balance, April 1, 2018	\$ (93.4)	\$ 2.1	\$ (91.3)
Net amount reclassified to net income (loss)	2.6	0.0	2.6
Balance, June 30, 2018	\$ (90.8)	\$ 2.1	\$ (88.7)
Balance, December 31, 2018	\$ (100.7)	\$ 2.0	\$ (98.7)
Impact of ASU 2018-02*	\$ (1.3)	\$ —	\$ (1.3)
Net amount reclassified to net income (loss)	1.3	(0.1)	1.3
Balance, June 30, 2019	\$ (100.7)	\$ 2.0	\$ (98.7)
Balance, January 1, 2018	\$ (93.8)	\$ 2.1	\$ (91.7)
Net amount reclassified to net income (loss)	3.1	(0.1)	3.0
Balance, June 30, 2018	\$ (90.8)	\$ 2.1	\$ (88.7)

*ASU 2018-02. See [Note 8. Income Taxes](#) for further information regarding our adoption of ASU 2018-02.

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

AOCL Components	Location	Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
Defined benefit plan and other postretirement liabilities	Cost of goods sold	\$ 0.3	\$ 2.7	\$ 0.9	\$ 3.5
	Selling, general and administrative expenses	(0.2)	(0.1)	(0.6)	(0.5)
	Other operating expense, net	1.2	0.4	1.5	0.9
	Income tax effect	(0.3)	(0.4)	(0.5)	(0.8)
	Net of tax	\$ 1.0	\$ 2.6	\$ 1.3	\$ 3.1
Unrealized loss on financial instruments	Cost of goods sold	\$ 0.0	\$ 0.0	\$ (0.1)	\$ (0.1)
	Income tax effect	0.0	0.0	0.0	0.0
	Net of tax	\$ 0.0	\$ 0.0	\$ (0.1)	\$ (0.1)

13. Components of Net Periodic Benefit Cost

Pension Benefits					
	Three months ended June 30,		Six months ended June 30,		
	2019	2018	2019	2018	
Service cost	\$ 0.5	\$ 1.0	\$ 1.5	\$ 2.1	
Interest cost	3.4	3.0	6.7	6.1	
Expected return on plan assets	(4.3)	(5.3)	(9.1)	(10.6)	
Amortization of prior service costs	0.5	0.1	0.5	0.1	
Amortization of net loss	2.2	1.1	3.3	2.6	
Net periodic benefit cost	\$ 2.3	\$ (0.1)	\$ 2.9	\$ 0.3	

Other Postretirement Benefits ("OPEB")					
	Three months ended June 30,		Six months ended June 30,		
	2019	2018	2019	2018	
Service cost	\$ 0.7	\$ 0.0	\$ 0.7	\$ 0.1	
Interest cost	1.2	(1.8)	2.3	(0.7)	
Amortization of prior service cost	(1.8)	(1.5)	(3.1)	(3.3)	
Amortization of net loss	0.4	3.3	1.1	4.4	
Net periodic benefit cost	\$ 0.5	\$ 0.0	\$ 1.0	\$ 0.5	

14. Derivatives

As of June 30, 2019, we had an open position of 96,506 tonnes related to LME forward financial sales contracts, some of which are with Glencore, to fix the forward LME price. These contracts are expected to settle monthly, between November 2019 and December 2024. We also have an open position related to Midwest Premium ("MWP") forward financial sales contracts to fix the forward MWP. As of June 30, 2019, we had an open position of 122,500 tonnes. These contracts are expected to settle monthly through December 2020.

In 2019, we entered into financial contracts to fix the forward price of Hawesville's power requirements for the period of January 1, 2020 through December 31, 2020, relating to the expected restart of Hawesville's Line 4 during the same period (the

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"Hawesville L4 power price swaps") of 790,560 MWh. The Hawesville L4 power price swaps are expected to settle monthly during the term of the contract.

We have financial contracts with various counterparties, to offset fixed price sales arrangements with certain of our customers (the "fixed for floating swaps") to remain exposed to the LME and MWP price. As of June 30, 2019, we had open positions related to such arrangements of 10,097 tonnes settling at various dates through June 2020.

In 2017, we entered into financial contracts to fix the forward price of approximately 4% of Grundartangi's total power requirements for the period November 2019 through December 2020 (the "Nord Pool power price swaps"). As of June 30, 2019, we had an open position of 256,200 MWh related to the Nord Pool power price swaps. Because the Nord Pool power price swaps are settled in euros, in 2018, we entered into financial contracts to hedge the risk of fluctuations associated with the euro (the "FX swaps"). As of June 30, 2019, we had open positions related to the FX swaps for €5.6 million that settle monthly from November 2019 through December 2020.

The following table sets forth the Company's derivative assets and liabilities that were accounted for at fair value and not designated as cashflow hedges as of June 30, 2019 and December 31, 2018:

	Asset Fair Value	
	June 30, 2019	December 31, 2018
Commodity contracts ⁽¹⁾	\$ 13.5	\$ 8.2
Foreign exchange contracts ⁽²⁾	—	—
Total	\$ 13.5	\$ 8.2

	Liability Fair Value	
	June 30, 2019	December 31, 2018
Commodity contracts ⁽¹⁾	\$ 6.6	\$ 2.2
Foreign exchange contracts ⁽²⁾	0.5	0.3
Total	\$ 7.1	\$ 2.5

⁽¹⁾ Commodity contracts reflect our outstanding LME forward financial sales contracts, MWP forward financial sales contracts, Hawesville L4 power price swaps, fixed for floating swaps, and Nord Pool power price swaps.

⁽²⁾ Foreign exchange contracts reflect our outstanding FX swaps.

The following table summarizes the net (loss) gain on forward and derivative contracts:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Commodity contracts ⁽³⁾	\$ 6.1	\$ 1.2	\$ 0.6	\$ 1.9
Foreign exchange contracts	0.0	—	(0.2)	—
Total	\$ 6.1	\$ 1.2	\$ 0.4	\$ 1.9

⁽³⁾ For the three months ended June 30, 2019 and 2018, \$1.8 million and \$(0.3) million of the net (loss) gain, respectively, was with Glencore. For the six months ended June 30, 2019 and 2018, \$0.8 million and \$0.1 million of the net (loss) gain, respectively, was with Glencore.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

15. Condensed Consolidating Financial Information

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

The following summarized condensed consolidating statements of comprehensive income (loss) for the three and six months ended June 30, 2019 and 2018, condensed consolidating balance sheets as of June 30, 2019 and June 30, 2018 and the condensed consolidating statements of cash flows for the six months ended June 30, 2019 and 2018 present separate results for Century, the Guarantor Subsidiaries, the Non-Guarantor Subsidiaries, consolidating adjustments and total consolidated amounts.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the three months ended June 30, 2019

	The Company	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
NET SALES:					
Related parties	\$ —	\$ 147.4	\$ 157.6	\$ —	\$ 305.0
Other customers	—	162.2	5.9	—	168.1
Total net sales	—	309.6	163.5	—	473.1
Cost of goods sold	—	306.0	171.2	—	477.2
Gross profit (loss)	—	3.6	(7.7)	—	(4.1)
Selling, general and administrative expenses	11.5	—	0.4	—	11.9
Other operating (income) expense - net	—	—	0.3	—	0.3
Operating income (loss)	(11.5)	3.6	(8.4)	—	(16.3)
Interest expense - term loan	(0.6)	—	—	—	(0.6)
Interest expense	(5.3)	(0.4)	(0.1)	—	(5.8)
Intercompany interest	8.7	2.5	(11.2)	—	—
Interest income	0.1	—	0.1	—	0.2
Net gain (loss) on forward and derivative contracts	4.8	0.3	1.0	—	6.1
Other income (expense) - net	—	(1.3)	(0.4)	—	(1.7)
Income (loss) before income taxes and equity in earnings of joint ventures	(3.8)	4.7	(19.0)	—	(18.1)
Income tax benefit (expense)	(0.1)	—	1.7	—	1.6
Income (loss) before equity in earnings of joint ventures	(3.9)	4.7	(17.3)	—	(16.5)
Loss on Sale of BHH	—	—	(4.3)	—	(4.3)
Equity in earnings (loss) of joint ventures	(16.8)	(0.6)	0.1	17.4	0.1
Net income (loss)	(20.7)	4.1	(21.5)	17.4	(20.7)
Other comprehensive income before income tax effect	1.2	0.3	1.2	(1.5)	1.2
Income tax effect	(0.2)	—	—	—	(0.2)
Other comprehensive income	1.0	0.3	1.2	(1.5)	1.0
Total comprehensive income (loss)	\$ (19.7)	\$ 4.4	\$ (20.3)	\$ 15.9	\$ (19.7)

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the three months ended June 30, 2018

	<u>The Company</u>	<u>Combined Guarantor Subsidiaries</u>	<u>Combined Non- Guarantor Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total Consolidated</u>
NET SALES:					
Related parties	\$ —	\$ 93.6	\$ 189.1	\$ —	\$ 282.7
Other customers	—	185.8	1.5	—	187.3
Total net sales	—	279.4	190.6	—	470.0
Cost of goods sold	—	258.5	177.8	—	436.3
Gross profit	—	20.9	12.8	—	33.7
Selling, general and administrative expenses	11.4	—	0.6	—	12.0
Other operating expense - net	—	—	0.2	—	0.2
Operating income (loss)	(11.4)	20.9	12.0	—	21.5
Interest expense	(5.1)	(0.4)	(0.1)	—	(5.6)
Intercompany interest	9.0	2.3	(11.3)	—	—
Interest income	0.1	—	0.4	—	0.5
Net gain (loss) on forward and derivative contracts	—	0.4	0.8	—	1.2
Other income (expense) - net	—	(0.1)	2.2	—	2.1
Income (loss) before income taxes and equity in earnings of joint ventures	(7.4)	23.1	4.0	—	19.7
Income tax (expense) benefit	0.3	—	(2.6)	—	(2.3)
Income (loss) before equity in earnings of joint ventures	(7.1)	23.1	1.4	—	17.4
Equity in earnings (loss) of joint ventures	26.5	(2.7)	2.0	(23.8)	2.0
Net income (loss)	19.4	20.4	3.4	(23.8)	19.4
Other comprehensive income (loss) before income tax effect	3.0	2.8	0.3	(3.1)	3.0
Income tax effect	(0.4)	—	—	—	(0.4)
Other comprehensive income	2.6	2.8	0.3	(3.1)	2.6
Total comprehensive income (loss)	\$ 22.0	\$ 23.2	\$ 3.7	\$ (26.9)	\$ 22.0

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the six months ended June 30, 2019

	The Company	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
NET SALES:					
Related parties	\$ —	\$ 299.9	\$ 316.5	\$ —	\$ 616.4
Other customers	—	334.9	11.9	—	346.8
Total net sales	—	634.8	328.4	—	963.2
Cost of goods sold	—	633.2	346.9	—	980.1
Gross profit (loss)	—	1.6	(18.5)	—	(16.9)
Selling, general and administrative expenses	25.6	—	1.0	—	26.6
Other operating (income) expense - net	—	—	0.6	—	0.6
Operating income (loss)	(25.6)	1.6	(20.1)	—	(44.1)
Interest expense - term loan	(0.6)	—	—	—	(0.6)
Interest expense	(10.8)	(0.8)	(0.1)	—	(11.7)
Intercompany interest	17.4	5.0	(22.4)	—	—
Interest income	0.1	—	0.3	—	0.4
Net gain (loss) on forward and derivative contracts	0.1	0.7	(0.4)	—	0.4
Other income (expense) - net	0.9	(1.9)	0.5	—	(0.5)
Income (loss) before income taxes and equity in earnings of joint ventures	(18.5)	4.6	(42.2)	—	(56.1)
Income tax benefit (expense)	0.9	—	3.5	—	4.4
Income (loss) before equity in earnings of joint ventures	(17.6)	4.6	(38.7)	—	(51.7)
Loss on sale of BHH	—	—	(4.3)	—	(4.3)
Equity in earnings (loss) of joint ventures	(37.7)	(0.3)	0.7	38.0	0.7
Net income (loss)	(55.3)	4.3	(42.3)	38.0	(55.3)
Other comprehensive income (loss) before income tax effect	1.8	0.9	1.5	(2.4)	1.8
Income tax effect	(0.5)	—	—	—	(0.5)
Other comprehensive income	1.3	0.9	1.5	(2.4)	1.3
Total comprehensive income (loss)	\$ (54.0)	\$ 5.2	\$ (40.8)	\$ 35.6	\$ (54.0)

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the six months ended June 30, 2018

	<u>The Company</u>	<u>Combined Guarantor Subsidiaries</u>	<u>Combined Non- Guarantor Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total Consolidated</u>
NET SALES:					
Related parties	\$ —	\$ 204.4	\$ 374.6	\$ —	\$ 579.0
Other customers	—	343.2	2.3	—	345.5
Total net sales	—	547.6	376.9	—	924.5
Cost of goods sold	—	519.6	356.6	—	876.2
Gross profit	—	28.0	20.3	—	48.3
Selling, general and administrative expenses	21.4	—	1.3	—	22.7
Other operating expense - net	—	—	0.6	—	0.6
Operating income (loss)	(21.4)	28.0	18.4	—	25.0
Interest expense	(10.3)	(0.8)	(0.1)	—	(11.2)
Intercompany interest	18.1	4.6	(22.7)	—	—
Interest income	0.2	—	0.7	—	0.9
Net gain (loss) on forward and derivative contracts	—	0.7	1.2	—	1.9
Other income (expense) - net	0.7	(0.2)	0.8	—	1.3
Income (loss) before income taxes and equity in earnings of joint ventures	(12.7)	32.3	(1.7)	—	17.9
Income tax benefit expense	0.1	—	(1.5)	—	(1.4)
Income (loss) before equity in earnings of joint ventures	(12.6)	32.3	(3.2)	—	16.5
Equity in earnings (loss) of joint ventures	31.7	(3.1)	2.6	(28.6)	2.6
Net income (loss)	19.1	29.2	(0.6)	(28.6)	19.1
Other comprehensive income (loss) before income tax effect	3.8	3.5	0.8	(4.3)	3.8
Income tax effect	(0.8)	—	—	—	(0.8)
Other comprehensive income	3.0	3.5	0.8	(4.3)	3.0
Total comprehensive income (loss)	\$ 22.1	\$ 32.7	\$ 0.2	\$ (32.9)	\$ 22.1

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Balance Sheet
As of June 30, 2019

	The Company	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash & cash equivalents	\$ 0.6	\$ (0.1)	\$ 25.2	\$ —	\$ 25.7
Restricted cash	—	0.8	—	—	0.8
Accounts receivable - net	—	80.3	12.0	—	92.3
Due from affiliates	0.1	21.1	0.2	—	21.4
Inventories	—	209.5	129.7	—	339.2
Prepaid and other current assets	11.0	0.7	10.5	—	22.2
Total current assets	11.7	312.3	177.6	—	501.6
Property, plant and equipment - net	19.1	315.9	616.5	—	951.5
Investment in subsidiaries	634.8	54.2	—	(689.0)	—
Leases - right of use assets	6.0	1.0	17.3	—	24.3
Due from affiliates - long term	902.9	666.1	7.0	(1,576.0)	—
Other assets	31.8	2.0	4.1	—	37.9
TOTAL	\$ 1,606.3	\$ 1,351.5	\$ 822.5	\$ (2,265.0)	\$ 1,515.3
Accounts payable, trade	\$ 2.2	\$ 69.3	\$ 26.8	\$ —	\$ 98.3
Due to affiliates	0.3	—	13.2	—	13.5
Accrued and other current liabilities	21.1	20.4	14.4	—	55.9
Accrued employee benefits costs	1.9	8.3	0.8	—	11.0
Term loan - current	10.0	—	—	—	10.0
Revolving credit facility	8.1	—	—	—	8.1
Industrial revenue bonds	—	7.8	—	—	7.8
Total current liabilities	43.6	105.8	55.2	—	204.6
Senior notes payable	248.9	—	—	—	248.9
Term loan - less current portion	30.0	—	—	—	30.0
Accrued pension benefits costs - less current portion	22.5	20.7	5.8	—	49.0
Accrued postretirement benefits costs - less current portion	1.2	98.7	1.6	—	101.5
Due to affiliates - long term	539.1	466.0	570.9	(1,576.0)	—
Other liabilities	6.0	22.0	19.9	—	47.9
Leases - right of use liabilities	5.8	0.3	17.4	—	23.5
Deferred taxes	(0.2)	1.8	98.9	—	100.5
Total noncurrent liabilities	853.3	609.5	714.5	(1,576.0)	601.3
Preferred stock	0.0	—	—	—	0.0
Common stock	1.0	—	0.1	(0.1)	1.0
Other shareholders' equity	708.4	636.2	52.7	(688.9)	708.4
Total shareholders' equity	709.4	636.2	52.8	(689.0)	709.4
TOTAL	\$ 1,606.3	\$ 1,351.5	\$ 822.5	\$ (2,265.0)	\$ 1,515.3

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Balance Sheet
As of December 31, 2018

	The Company	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Cash & cash equivalents	\$ 0.1	\$ —	\$ 38.8	\$ —	\$ 38.9
Restricted cash	—	0.8	—	—	0.8
Accounts receivable - net	0.5	81.8	0.2	—	82.5
Due from affiliates	—	13.1	9.6	—	22.7
Inventories	—	210.7	133.1	—	343.8
Prepaid and other current assets	6.4	3.4	8.2	—	18.0
Total current assets	7.0	309.8	189.9	—	506.7
Property, plant and equipment - net	20.6	320.7	626.0	—	967.3
Investment in subsidiaries	668.3	54.5	—	(722.8)	—
Due from affiliates - long term	751.7	517.6	7.2	(1,276.5)	—
Other assets	29.8	2.1	31.6	—	63.5
TOTAL	\$ 1,477.4	\$ 1,204.7	\$ 854.7	\$ (1,999.3)	\$ 1,537.5
Accounts payable, trade	\$ 3.7	\$ 84.1	\$ 31.6	\$ —	\$ 119.4
Due to affiliates	—	—	10.3	—	10.3
Accrued and other current liabilities	15.8	22.8	13.9	—	52.5
Accrued employee benefits costs	1.9	8.3	0.8	—	11.0
Revolving credit facility	23.3	—	—	—	23.3
Industrial revenue bonds	—	7.8	—	—	7.8
Total current liabilities	44.7	123.0	56.6	—	224.3
Senior notes payable	248.6	—	—	—	248.6
Accrued pension benefits costs - less current portion	23.2	20.7	7.0	—	50.9
Accrued postretirement benefits costs - less current portion	0.7	98.9	1.6	—	101.2
Other liabilities	2.8	23.5	19.7	—	46.0
Due to affiliates - long term	395.4	307.6	573.5	(1,276.5)	—
Deferred taxes	(0.2)	1.8	102.7	—	104.3
Total noncurrent liabilities	670.5	452.5	704.5	(1,276.5)	551.0
Preferred stock	0.0	—	—	—	0.0
Common stock	1.0	—	0.1	(0.1)	1.0
Other shareholders' equity	761.2	629.2	93.5	(722.7)	761.2
Total shareholders' equity	762.2	629.2	93.6	(722.8)	762.2
TOTAL	\$ 1,477.4	\$ 1,204.7	\$ 854.7	\$ (1,999.3)	\$ 1,537.5

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statement of Cash Flows
For the six months ended June 30, 2019

	The Company	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Net cash provided by (used in) operating activities	\$ (35.6)	\$ (1.1)	\$ 11.1	\$ —	\$ (25.6)
Purchase of property, plant and equipment	(0.6)	(12.2)	(10.5)	—	(23.3)
Proceeds from sale of joint venture	—	—	10.5	—	10.5
Intercompany transactions	(22.2)	(33.6)	0.2	55.6	—
Net cash provided by (used in) investing activities	(22.8)	(45.8)	0.2	55.6	(12.8)
Borrowings under term loan	40.0	—	—	—	40.0
Borrowings under revolving credit facilities	288.2	—	—	—	288.2
Repayments under revolving credit facilities	(303.3)	—	—	—	(303.3)
Other short term borrowings	3.4	—	—	—	3.4
Repayment on other short term borrowings	(3.4)	—	—	—	(3.4)
Issuance of common stock	0.3	—	—	—	0.3
Intercompany transactions	33.7	46.8	(24.9)	(55.6)	—
Net cash provided by (used in) financing activities	58.9	46.8	(24.9)	(55.6)	25.2
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	0.5	(0.1)	(13.6)	—	(13.2)
Cash, cash equivalents and restricted cash, beginning of period	0.1	0.8	38.8	—	39.7
Cash, cash equivalents and restricted cash, end of period	\$ 0.6	\$ 0.7	\$ 25.2	\$ —	\$ 26.5

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statement of Cash Flows
For the six months ended June 30, 2018

	The Company	Combined Guarantor Subsidiaries	Combined Non- Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
Net cash provided by (used in) operating activities	\$ (42.9)	\$ (2.9)	\$ 15.4	\$ —	\$ (30.4)
Purchase of property, plant and equipment	(4.2)	(5.5)	(3.3)	—	(13.0)
Intercompany transactions	17.2	10.2	(0.4)	(27.0)	—
Net cash provided by (used in) investing activities	13.0	4.7	(3.7)	(27.0)	(13.0)
Issuance of common stock	0.2	—	—	—	0.2
Intercompany transactions	(7.3)	(1.8)	(17.9)	27.0	—
Net cash provided by (used in) financing activities	(7.1)	(1.8)	(17.9)	27.0	0.2
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(37.0)	—	(6.2)	—	(43.2)
Cash, cash equivalents and restricted cash, beginning of period	64.3	0.7	103.0	—	168.0
Cash, cash equivalents and restricted cash, end of period	<u>\$ 27.3</u>	<u>\$ 0.7</u>	<u>\$ 96.8</u>	<u>\$ —</u>	<u>\$ 124.8</u>

FORWARD-LOOKING STATEMENTS

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

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

- The future financial and operating performance of the Company and its subsidiaries, including financial and operating estimates or projections from the restart of curtailed capacity, as a result of future raw material costs or otherwise;
- Our assessment of the aluminum market and aluminum prices (including premiums);
- Our assessment of alumina pricing and costs associated with our other key raw materials, including power;
- Our ability to successfully manage market risk and to control or reduce costs;
- Our plans and expectations with respect to future operations, including any plans and expectations to curtail or restart production;
- Our plans and ability to bring our Hawesville smelter back to full production and expectations as to the costs and benefits associated with this project, including expected incremental production or EBITDA as well as benefits from investments in new technology and other production improvements;
- Our ability to successfully obtain long-term competitive power arrangements for our operations, including at Mt. Holly;
- Our assessment of global and local financial and economic conditions;
- The impact of any Section 232 relief, including tariffs or other trade remedies, the extent to which any such remedies may be changed, including through exclusions or exemptions, and the duration of any trade remedy;
- The impact of any new or changed law, regulation, including, without limitation, sanctions or other similar remedies or restrictions;
- Our anticipated tax liabilities, benefits or refunds including the realization of U.S. and certain foreign deferred tax assets and liabilities;
- Our expectations with respect to the future impact and benefits from the sale of our 40% interest in BHH;
- Our ability to access existing or future financing arrangements and the terms of any such future financing arrangements;
- Our ability to repay or refinance debt in the future;
- Our ability to recover losses from our insurance;
- Estimates of our pension and other postretirement liabilities, legal and environmental liabilities and other contingent liabilities;
- Negotiations with labor unions; and
- Our future business objectives, plans, strategies and initiatives, including our competitive position and prospects.

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

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

This Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Century Aluminum and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto. This MD&A contains "forward-looking statements" - see "Forward-Looking Statements" above.

Overview

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

- the price of primary aluminum, which is based on the LME and other exchanges, plus any regional premiums and value-added product premiums;
- the cost of goods sold, the principal components of which are electrical power, alumina, carbon products and labor, which in aggregate represent more than 75% of our cost of goods sold; and
- our production and shipment volume.

Results of Operations

The following discussion for the three and six months ended June 30, 2019 reflects restart of the three potlines curtailed in 2015 at Hawesville (of five total). Results for the quarter reflect no change in Mt. Holly and Grundartangi production capacities.

Our net sales are impacted primarily by the LME price for aluminum, regional and value-added premiums, and the volume and product mix of aluminum we ship during the period. In general, our results reflect the LME and regional premium pricing on an approximately two-month lag basis reflecting contractual terms with our customers.

Electrical power, alumina, carbon products and labor are the principal components of our cost of goods sold. In general, our results reflect the market cost of alumina on an approximately two to three month lag reflecting the terms of our alumina contracts and inventory levels.

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
(in millions, except per share data)				
NET SALES:				
Related parties	\$ 305.0	\$ 282.7	\$ 616.4	\$ 579.0
Other customers	168.1	187.3	346.8	345.5
Total net sales	473.1	470.0	963.2	924.5
Gross profit (loss)	(4.1)	33.7	(16.9)	48.3
Net income (loss)	(20.7)	19.4	(55.3)	19.1
EARNINGS (LOSS) PER COMMON SHARE:				
Basic and Diluted	\$ (0.23)	\$ 0.20	\$ (0.63)	\$ 0.20

SHIPMENTS - PRIMARY ALUMINUM⁽¹⁾

	United States		Iceland		Total	
	Tonnes	Net Sales (in millions)	Tonnes	Net Sales (in millions)	Tonnes	Net Sales (in millions)
2019						
2nd Quarter	125,154	\$ 295.0	78,226	\$ 157.7	203,380	\$ 452.7
1st Quarter	130,043	\$ 313.3	76,408	\$ 159.3	206,451	\$ 472.6
Total	255,197	\$ 608.3	154,634	\$ 317.0	409,831	\$ 925.3
2018						
2nd Quarter	100,458	\$ 279.4	79,762	\$ 189.1	180,220	\$ 468.6
1st Quarter	107,145	\$ 266.4	80,093	\$ 185.6	187,238	\$ 451.9
Total	207,603	\$ 545.8	159,855	\$ 374.7	367,458	\$ 920.5

⁽¹⁾ Excludes scrap aluminum sales and alumina sales.

<i>Net sales (in millions)</i>	2019	2018
Three months ended June 30,	\$ 473.1	\$ 470.0
Six months ended June 30,	\$ 963.2	\$ 924.5

The results in the 2019 second quarter compared to the 2018 second quarter were primarily driven by favorable volume and product mix of \$54.4 million offset by unfavorable LME and regional premium realizations of \$69.3 million.

The six-month period over period change in net sales is primarily driven by favorable volume and product mix of \$97.0 million offset by unfavorable LME and regional premium realizations of \$92.1 million.

<i>Gross profit (loss) (in millions)</i>	2019	2018
Three months ended June 30,	\$ (4.1)	\$ 33.7
Six months ended June 30,	\$ (16.9)	\$ 48.3

Gross profit for the three months ended June 30, 2019 decreased compared to the same period in 2018 driven primarily by unfavorable LME price realization for primary aluminum of \$69.3 million and unfavorable raw material price realization of \$4.4 million, offset by improvement in volume and mix, primarily at Hawesville, of \$24.2 million and improvement in power prices of \$13.5 million.

Gross profit for the six months ended June 30, 2019 decreased compared to the same period in 2018 primarily driven by unfavorable LME price realization for primary aluminum of \$92.1 million and unfavorable alumina price realization of \$21.2 million offset by favorable volume, primarily at Hawesville, of \$27.3 million and improvement in power prices of \$20.8 million.

<i>Selling, general and administrative expenses (in millions)</i>	2019	2018
Three months ended June 30,	\$ 11.9	\$ 12.0
Six months ended June 30,	\$ 26.6	\$ 22.7

Selling, general and administrative expenses were flat for the three months ended June 30, 2019 compared to the same period in 2018.

Selling, general and administrative expenses increased \$3.9 million for the six months ended June 30, 2019 compared to the same period in 2018 primarily driven by timing of professional fees and higher compensation costs.

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

	2019		2018	
Three months ended June 30,	\$	6.1	\$	1.2
Six months ended June 30,	\$	0.4	\$	1.9

For the three months ended June 30, 2019, we recorded gains of \$6.1 million on our forward and derivative contracts compared to gains of \$1.2 million for the three months ended June 30, 2018 due to a decrease in LME prices.

For the six months ended June 30, 2019, we recorded gains of \$0.4 million on our forward and derivative contracts compared to gains of \$1.9 million for the six months ended June 30, 2018. The decrease in gain recorded is primarily due to losses on increased volume outstanding and a change in the mix of our derivative instruments during 2019.

Income tax benefit (expense) (in millions)

	2019		2018	
Three months ended June 30,	\$	1.6	\$	(2.3)
Six months ended June 30,	\$	4.4	\$	(1.4)

We have a valuation allowance against all of our U.S. and certain foreign deferred tax assets. The period to period increases in income tax benefit are primarily due to the change in earnings at our foreign entities that are not subject to a valuation allowance. See [Note 8. Income Taxes](#) to the consolidated financial statements included herein for additional information.

Liquidity and Capital Resources**Liquidity**

Our principal sources of liquidity are available cash, cash flow from operations and borrowing capacity under our existing revolving credit facilities. We have also raised capital, from time to time, through other borrowings and through the public capital markets, and we regularly explore various other financing alternatives. Our principal uses of cash include the funding of operating costs (including post-retirement benefits), debt service requirements, the funding of capital expenditures, investments in our growth activities and in related businesses, working capital and other general corporate requirements. Although we believe that cash provided from operations and financing activities will be adequate to cover our operations and business needs over the next 12 months, adverse changes in the price of aluminum or our principal costs of production could materially impact our ability to generate and raise cash. For an analysis of risks facing our business see [Item 1A. Risk Factors](#) in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Available Cash

Our available cash and cash equivalents balance at June 30, 2019 was \$25.7 million compared to \$38.9 million at December 31, 2018.

Sources and Uses of Cash

Our statements of cash flows are summarized below:

	Six months ended June 30,			
	2019		2018	
	(in millions)			
Net cash provided by (used in) operating activities	\$	(25.6)	\$	(30.4)
Net cash provided by (used in) investing activities		(12.8)		(13.0)
Net cash provided by (used in) financing activities		25.2		0.2
Change in cash, cash equivalents and restricted cash	\$	(13.2)	\$	(43.2)

The change in net cash used in operating activities was driven mainly by a net loss in 2019 compared with net income in 2018, offset by improvements in working capital. The improvements in working capital were primarily attributable to lower raw material prices, timing of raw material receipts and improved stability in trade receivables collection.

The decrease in net cash used in investing activities was primarily due to receipt of the first installment on the sale of BHH during 2019, partially offset by investments in the Hawesville restart project and the Vlissingen furnace rebuild project during 2019.

The increase in net cash provided by financing activities was primarily due to outstanding borrowings in 2019 on our U.S. revolving credit facility and on our Hawesville Term Loan. Borrowings on our U.S. revolving credit facility are short term in nature to fund working capital requirements and are repaid continually. Borrowings on our Hawesville Term Loan are required to be repaid ratably over 24 months beginning in January 2020 and are expected to be used to partially finance the second phase of the Hawesville restart project.

Availability Under Our Credit Facilities

The U.S. revolving credit facility, dated May 2018, provides for borrowings of up to \$175.0 million in the aggregate including up to \$110.0 million under a letter of credit sub-facility, and also includes an uncommitted accordion feature whereby borrowers may increase the capacity of the U.S. revolving credit facility by up to \$50.0 million, subject to agreement with the lenders. The U.S. revolving credit facility matures the earlier of May 2023 or six months before the stated maturity of our outstanding senior secured notes. Any letters of credit issued and outstanding under the U.S. revolving credit facility reduce our borrowing availability on a dollar-for-dollar basis.

We have also entered into, through our wholly-owned subsidiary Nordural Grundartangi ehf, a \$50.0 million revolving credit facility, dated November 2013, as amended (the "Iceland revolving credit facility"). The Iceland revolving credit facility matures in November 2020.

The availability of funds under our credit facilities is limited by a specified borrowing base consisting of certain accounts receivable, inventory and qualified cash deposits which meet the lenders' eligibility criteria. Restarts of previously curtailed operations may increase our borrowing base by increasing our accounts receivable and inventory balances. As of June 30, 2019, our credit facilities had \$176.5 million of net availability after consideration of our outstanding borrowings and letters of credit. We may borrow and make repayments under our credit facilities in the ordinary course based on a number of factors, including the timing of payments from our customers and payments to our suppliers.

As of June 30, 2019, we had \$37.6 million of letters of credit outstanding under our U.S. revolving credit facility with approximately 54% related to our domestic power commitments and the remainder primarily securing certain debt and workers' compensation commitments.

Our credit facilities contain customary covenants, including restrictions on mergers and acquisitions, indebtedness, affiliate transactions, liens, dividends and distributions, dispositions of collateral, investments and prepayments of indebtedness, including, a springing financial covenant that requires us to maintain a fixed charge coverage ratio of at least 1.0 to 1.0 any time availability under the U.S. revolving credit facility is less than or equal to \$17.5 million. Our Icelandic credit facility also contains a covenant that requires Grundartangi to maintain a minimum equity ratio. As of June 30, 2019, we were in compliance with all such covenants.

Senior Secured Notes

We have \$250.0 million in 7.5% senior secured notes payable that will mature in June 2021 ("2021 Notes"). Interest on the 2021 Notes is payable semi-annually. The indenture governing the 2021 Notes contains customary covenants which may limit our ability, and the ability of certain of our subsidiaries, to: (i) incur additional debt; (ii) incur additional liens; (iii) pay dividends or make distributions in respect of capital stock; (iv) purchase or redeem capital stock; (v) make investments or certain other restricted payments; (vi) sell assets; (vii) issue or sell stock of certain subsidiaries; (viii) enter into transactions with shareholders or affiliates; and (ix) effect a consolidation or merger.

Hawesville Term Loan

On April 29, 2019, we entered into a loan agreement with Glencore pursuant to which the Company borrowed \$40.0 million (the "Hawesville Term Loan"). Borrowings under the Hawesville Term Loan are expected to be used to partially finance the second phase of the Hawesville restart project. The Hawesville Term Loan matures on December 31, 2021, and is to be repaid in twenty-four (24) equal monthly installments of principal beginning on January 31, 2020. The Hawesville Term Loan bears interest, due monthly beginning at inception, at a floating rate equal to LIBOR plus 5.375% and is not secured by any collateral.

Contingent Commitments

We have a contingent obligation in connection with the "unwind" of a contractual arrangement between CAKY, Big Rivers and a third party and the execution of a long-term cost-based power contract with Kenergy, a member of a cooperative of Big Rivers in July 2009. This contingent obligation consists of the aggregate payments made to Big Rivers by the third party on CAKY's behalf in excess of the agreed upon base amount under the long-term cost-based power contract with Kenergy. As of June 30, 2019, the principal and accrued interest for the contingent obligation was \$24.5 million, which was fully offset by a derivative asset. We may be required to make installment payments for the contingent obligation in the future. These payments are contingent based on the LME price of primary aluminum and the level of Hawesville's operations. Based on the LME forward market at June 30, 2019 and management's estimate of the LME forward market beyond the quoted market period, we have assessed that we will not be required to make payments on the contingent obligation during the term of the agreement through 2028. There can be no assurance that circumstances will not change, thus accelerating the timing of such payments.

Employee Benefit Plan Contributions

In 2013, we entered into a settlement agreement with the PBGC regarding an alleged "cessation of operations" at our Ravenswood facility as a result of the 2009 curtailment of operations at the facility. Pursuant to the terms of the agreement, we will make additional contributions (above any minimum required contributions) to our defined benefit pension plans over the term of the agreement. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we are able to defer one or more of these payments, but would then be required to provide the PBGC with acceptable security for deferred payments. We did not make any contributions in the three month periods ended June 30, 2019 and 2018. We have elected to defer certain payments under the PBGC agreement and have provided the PBGC with the appropriate security. The remaining contributions under this agreement are approximately \$9.6 million.

Section 232 Aluminum Tariff

On March 23, 2018, the U.S. implemented a 10% tariff on imported primary aluminum products into the U.S. These tariffs are intended to protect U.S. national security by incentivizing the restart of primary aluminum production in the U.S., reducing reliance on imports and ensuring that domestic producers, like Century, can supply all the aluminum necessary for critical industries and national defense. In addition to primary aluminum products, the tariffs also cover certain other semi-finished products. All imports that directly compete with our products are covered by the tariff, with the exception of imports from Australia, Argentina, Canada and Mexico or imports that receive a product exclusion from the Department of Commerce.

Other Items

On May 22, 2019, CAHL, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with GQQ pursuant to which GQQ has agreed to acquire all of CAHL's forty percent (40%) interest in BHH, a carbon anode and cathode facility in China. Prior to the sale, BHH was operated as a joint venture between CAHL and GQQ. GQQ has agreed to pay CAHL RMB144.9 million in cash, payable in two equal installments. The first payment was received during the second quarter of 2019, and the second payment is due not later than December 31, 2019. In connection with this sale, we recorded a loss of \$4.3 million in the Consolidated Statements of Operations during the three months ended June 30, 2019. We also recorded a \$10.6 million receivable for the second payment, included as Accounts receivable - net, in the Consolidated Balance Sheets as of June 30, 2019.

We previously announced our intention to return our Hawesville smelter to full production and upgrade its existing reduction technology. We project that the total cash requirements for the restart project, including the technology upgrade, will be approximately \$150.0 million from the commencement of the project in 2018 through its completion, which is expected to occur during 2020. The first phase of the project, which involved the restart of the three potlines that had been curtailed in 2015, was successfully completed on budget and ahead of schedule in early 2019. This restart of 150,000 tonnes of curtailed production cost approximately \$75.0 million. The second phase is expected to cost an additional \$75.0 million and involves the rebuilding of the pots associated with the 100,000 tonnes of production from the two potlines that have been continuously operating and implementation of certain new technology across all production. This second phase is expected to occur during 2019 and 2020. In April 2019, we entered in a loan agreement with Glencore, of \$40.0 million to partially finance the cost of the second phase of the project. See [Note 10. Debt](#) to the consolidated financial statements included herein for additional information.

In May 2018, we temporarily curtailed one potline at our Seabee aluminum smelter due to an equipment failure. Seabee was returned to full capacity by the end of the third quarter of 2018. We expect that all losses arising from the Seabee equipment failure will be covered under our insurance policies, less \$7.0 million in deductibles. To date, we have received \$15.2 million in insurance proceeds to offset against such losses.

In 2011, our Board of Directors approved a \$60.0 million common stock repurchase program and subsequently increased this program by \$70.0 million in the first quarter of 2015. Under the program, Century is authorized to repurchase up to \$130.0 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. We made no repurchases during the second quarter of 2019 and as of June 30, 2019 we had \$43.7 million remaining under the repurchase program authorization. The repurchase program may be expanded, suspended or discontinued by our Board, in its sole discretion, at any time.

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

On August 18, 2017, the District Court for the Southern District of West Virginia approved a settlement agreement in respect of these actions. Under the terms of the settlement agreement, CAWV agreed to make payments into a trust for the benefit of the CAWV Retirees in the aggregate amount of \$23.0 million over the course of ten years. Upon approval of the settlement, we paid \$5.0 million to the aforementioned trust in September 2017 and agreed to pay the remaining amounts under the settlement agreement in annual increments of \$2.0 million for nine years. At June 30, 2019, we had \$2.0 million in other current liabilities and \$10.3 million in other liabilities related to this agreement.

We are a defendant in several actions relating to various aspects of our business. While it is impossible to predict the ultimate disposition of any litigation, we do not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity. See [Note 11. Commitments and Contingencies](#) to the consolidated financial statements included herein for additional information.

Capital Resources

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

Capital expenditures incurred for the six months ended June 30, 2019 were \$17.4 million, excluding expenditures of \$8.1 million associated with the restart project at Hawesville. We estimate our total capital spending in 2019 excluding the Hawesville restart project will be approximately \$30 million, primarily related to ongoing investment projects at our plants.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Commodity Price and Raw Material Costs Sensitivities

Aluminum is an internationally traded commodity, and its price is effectively determined on the LME plus any regional premium (e.g. the Midwest premium for aluminum sold in the United States and the European Duty Paid premium for metal sold into Europe) and any product premiums. From time to time, we may manage our exposure to fluctuations in the LME price of primary aluminum and/or the regional premium through financial instruments designed to protect our downside price risk exposure. From time to time, we also enter into financial contracts to offset fixed price sales arrangements with certain of our customers (the "fixed for floating swaps").

We are also exposed to price risk for alumina which is one of the largest components of our cost of goods sold. Much of the alumina we purchase is priced based on a published alumina index. As a result, our cost structure is exposed to market fluctuations and price volatility. Because we sell our products based principally on the LME price for primary aluminum, regional premiums and value-added product premiums, we cannot directly pass on increased production costs to our customers. From time to time, we may manage our exposure to fluctuations in our alumina costs by purchasing certain of our alumina requirements under supply contracts with prices that are fixed or tied to the same indices as our aluminum sales contracts (the LME price of primary aluminum).

Market-Based Power Price Sensitivity

Market-Based Electrical Power Agreements

Hawesville and Sebree have market-based electrical power agreements pursuant to which EDF and Kenergy purchase electrical power on the open market and pass it through at MISO energy pricing, plus transmission and other costs incurred by them. Seventy five percent (75%) of Mt. Holly's electric power requirements were supplied at rates based on natural gas prices. See [Note 11. Commitments and Contingencies](#) to the consolidated financial statements included herein for additional information about these market-based power agreements.

Power is supplied to Grundartangi from hydroelectric and geothermal sources under long-term power purchase agreements. These power purchase agreements, which will expire on various dates from 2023 through 2036 (subject to extension), primarily provide power at LME-based variable rates. However, Grundartangi has agreed to pay thirty percent (30%) of its power from November 1, 2019 through December 31, 2023 at prices linked to the price for power in the Nord Pool power market.

From time to time, we may manage our exposure to fluctuations in the market price of power through financial instruments designed to protect our downside risk exposure.

Electrical Power Price Sensitivity

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

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

	Hawesville	Sebree	Mt. Holly	Grundartangi	Total
Expected average load (in megawatts ("MW"))	482	385	400	537	1,804
Quarterly estimated electrical power usage (in megawatt hours ("MWh"))	1,055,580	843,150	876,000	1,176,030	3,950,760
Quarterly cost impact of an increase or decrease of \$1 per MWh (in millions)	\$ 1.1	\$ 0.8	\$ 0.9	\$ 1.2	\$ 4.0
Annual expected electrical power usage (in MWh)	4,222,320	3,372,600	3,504,000	4,704,120	15,803,040
Annual cost impact of an increase or decrease of \$1 per MWh (in millions)	\$ 4.2	\$ 3.4	\$ 3.5	\$ 4.7	\$ 15.8

Foreign Currency

We are exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the Iceland krona ("ISK"), the euro, the Chinese renminbi and other currencies. Grundartangi's labor costs, part of its maintenance costs and other local services are denominated in ISK and a portion of its anode costs are denominated in euros and Chinese renminbi. We also have deposits denominated in ISK in Icelandic banks, and our estimated payments of Icelandic income taxes and any associated refunds are denominated in ISK. Further, Vlissingen's labor costs, maintenance costs and other local services are denominated in euros and our existing Nord Pool power price swaps are settled in euros. As a result, an increase or decrease in the value of those currencies relative to the U.S. dollar would affect Grundartangi's operating margins.

We may manage our exposure by entering into foreign currency forward contracts or option contracts for forecasted transactions and projected cash flows for foreign currencies in future periods. In 2018, we entered into financial contracts to hedge the risk of fluctuations associated with the euro under our Nord Pool power price swaps (the "FX swaps").

Natural Economic Hedges

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

Risk Management

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

Fair Values and Sensitivity Analysis

The following tables present the fair value of our derivative asset and liabilities as of June 30, 2019 and the effect on the fair value of a hypothetical ten percent (10%) adverse change in the market prices in effect at June 30, 2019. Our risk management activities do not include any trading or speculative transactions.

	Asset Fair Value	Fair Value with 10% Adverse Price Change
Commodity contracts ⁽¹⁾	\$ 13.5	\$ 7.0
Foreign exchange contracts ⁽²⁾	—	—
Total	\$ 13.5	\$ 7.0

	Liability Fair Value	Fair Value with 10% Adverse Price Change
Commodity contracts ⁽¹⁾	\$ 6.6	\$ 27.9
Foreign exchange contracts ⁽²⁾	0.5	1.2
Total	<u>\$ 7.1</u>	<u>\$ 29.1</u>

⁽¹⁾ Commodity contracts reflect our outstanding LME forward financial sales contracts, MWP forward financial sales contracts, Hawesville L4 power price swaps, fixed for floating swaps, and Nord Pool power price swaps.

⁽²⁾ Foreign exchange contracts reflect our outstanding FX swaps.

Item 4. Controls and Procedures

a. Evaluation of Disclosure Controls and Procedures

As of June 30, 2019, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of June 30, 2019.

b. Changes in Internal Control over Financial Reporting

During the three months ended June 30, 2019, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are a party from time to time in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on our financial condition, results of operations or liquidity. For information regarding legal proceedings pending against us at June 30, 2019, refer to [Note 11. Commitments and Contingencies](#) to the consolidated financial statements included herein.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common and capital stock. There have been no material changes in our risk factors since our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 5. Other Information

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

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

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

During the quarter ended June 30, 2019, non-U.S. affiliates of the largest stockholder of the Company (“the non-U.S. Stockholder Affiliates”) entered into sales contracts for agricultural 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 \$144 million for the quarter ended June 30, 2019.

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 contracts would not exceed a small fraction of the gross revenue from such contracts. 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 response to the re-imposition of certain U.S. secondary sanctions, the non-U.S. Stockholder Affiliates wound down such activities to the extent necessary to avoid any sanctionable activity after such sanctions took effect.

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 quarter ended June 30, 2019 that requires disclosure in this report under Section 13(r) of the Exchange Act.

Item 6. Exhibits

Exhibit Number	Description of Exhibit	Incorporated by Reference			Filed Herewith
		Form	File No.	Filing Date	
10.1	Loan Agreement, dated as of April 29, between Century Aluminum Company, as Borrower and Glencore Ltd., as Lender	8-K	001-34474	May 3, 2019	
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer				X
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer				X
32.1	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Executive Officer				X
32.2	Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Financial Officer				X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				
101.SCH	Inline XBRL Taxonomy Extension Schema				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase				X

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Century Aluminum Company

Date: August 8, 2019

By: /s/ CRAIG CONTI
Craig Conti
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 8, 2019

By: /s/ ELISABETH INDRIANI
Elisabeth Indriani
Global Controller
(Principal Accounting Officer)

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

I, Michael A. Bless, certify that:

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

Date: August 8, 2019

/s/ MICHAEL A. BLESS

Name: Michael A. Bless

Title: President and Chief Executive Officer
(Principal Executive Officer)

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

I, Craig Conti, certify that:

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

Date: August 8, 2019

/s/ CRAIG CONTI

Name: Craig Conti

Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the quarterly report on Form 10-Q of Century Aluminum Company (the “Company”) for the quarter ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Michael A. Bless, as President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

/s/ MICHAEL A. BLESS

By: Michael A. Bless

Title: President and Chief Executive Officer (Principal Executive Officer)

Date: August 8, 2019

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

Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the quarterly report on Form 10-Q of Century Aluminum Company (the “Company”) for the quarter ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Craig Conti, as Executive Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her knowledge:

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

/s/ CRAIG CONTI

By: Craig Conti

Title: Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Date: August 8, 2019

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