CENTURY ALUMINUM CO
Form 424B5
May 29, 2007

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)5
Registration No. 333-143315

SUBJECT TO COMPLETION, DATED MAY 29, 2007

PRELIMINARY PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY 29, 2007

7,250,000 Shares

Common Stock

Century Aluminum Company is offering 7,250,000 shares of its common stock.

Our common stock trades on the NASDAQ Global Select Market® under the symbol CENX. On May 25, 2007, the last reported sale price of our common stock was $54.89 per share. We have applied to list Global Depositary Receipts representing shares of our common stock from this offering to be offered and sold in Iceland on the First North Iceland market in Iceland.

Investing in our common stock involves risks. Before buying any of these shares you should carefully read the discussion of material risks of investing in our common stock in the section entitled Risk Factors beginning on page S-9 of this prospectus supplement.

We have granted the underwriters an option to purchase up to an additional 1,087,500 shares from us to cover over-allotments.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Century Aluminum Company
Per Share	$	$	$
Total	$	$	$

Delivery of the shares of common stock will be made on or about , 2007.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete.

Any representation to the contrary is a criminal offense.

Global Coordinators

Credit Suisse	**Morgan Stanley**

Co-Managers

Kaupthing Bank hf.	**Kaupthing Securities, Inc.**	**Landsbanki Islands hf.**

The date of this prospectus supplement is , 2007.

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. We are offering to sell and are seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date such information is presented regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of common stock.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under the shelf registration statement, we may offer and sell shares of our common stock described in the accompanying prospectus in one or more offerings. In this prospectus supplement, we provide you with specific information about the terms of this offering. Both this prospectus supplement and the accompanying prospectus include important information about us, our common stock and other information you should know before investing in our common stock. This prospectus supplement may also add, update and change information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement.

This prospectus supplement and the accompanying prospectus incorporate important business and financial information about us that is not included in or delivered with this prospectus supplement and the accompanying prospectus. We will provide without charge to each person, including any beneficial owner, to whom a prospectus supplement and the accompanying prospectus are delivered, upon written or oral request of any such person, a copy of any or all of the information that we have incorporated by reference in this prospectus supplement and the accompanying prospectus but have not delivered with this prospectus supplement and the accompanying prospectus. You may request a copy of these filings and our restated certificate of incorporation and amended and restated bylaws, by writing or telephoning us at: Century Aluminum Company, 2511 Garden Road, Building A, Suite 200, Monterey, CA 93940, Attention: Corporate Secretary or (831) 642-9300.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. This summary may not contain all the information that you should consider before investing in our common stock. You should read the entire prospectus supplement and the accompanying prospectus carefully, including the section entitled Risk Factors and the consolidated financial statements included in, and incorporated by reference into, this prospectus supplement and the accompanying prospectus, before making an investment decision. Except where we state otherwise, the information we present in this prospectus supplement assumes no exercise of the underwriters option to purchase additional shares of our common stock. Unless the context indicates otherwise, references in this prospectus supplement to Century Aluminum Company , Century Aluminum, Century, we, our and us refer to Century Aluminum Company and its subsidiaries.

Century Aluminum Company

Overview

We are a global producer of primary aluminum and the third largest primary aluminum producer in North America. Aluminum is an internationally traded commodity, and its price is effectively determined on the London Metal Exchange, or LME. Our primary aluminum facilities produce standard-grade and value-added primary aluminum products. We produced approximately 680,000 metric tons of primary aluminum in 2006 and recorded net sales of approximately $1.6 billion. In 2006 we more than doubled the capacity at our Grundartangi facility in Iceland from 90,000 metric tons per year, or mtpy , at the time of our acquisition of the facility to 220,000 mtpy. Following such expansion, our total primary aluminum production capacity is currently 745,000 mtpy. With the ongoing further expansion of our Grundartangi facility from 220,000 mtpy to 260,000 mtpy, our production capacity is scheduled to increase to 785,000 mtpy in the fourth quarter of 2007. In addition to our primary aluminum assets, we have 50 percent joint venture interests in an alumina refinery, located in Gramercy, Louisiana, and a related bauxite mining operation in Jamaica. The Gramercy refinery supplies substantially all of the alumina used for the production of primary aluminum at our Hawesville, Kentucky, primary aluminum facility.

Our Primary Aluminum Facilities:

Facility	Location	Operational	Total Capacity (mtpy)	Ownership
Grundartangi	Iceland	1998	220,000	100%
Hawesville	Kentucky, USA	1970	244,000	100%
Ravenswood	West Virginia, USA	1957	170,000	100%
Mt. Holly	South Carolina, USA	1980	224,000	49.7%

Our Bauxite and Alumina Facilities:

Facility	Location	Type	Total Capacity (mtpy)	Ownership

Gramercy	Louisiana, USA	Alumina Refinery	1.2 million	50%
St. Ann	Jamaica	Bauxite	4.5 million	50%

Recent Trends in the Primary Aluminum Industry

The primary aluminum industry has been experiencing a period of strong prices. Industry analysts generally believe these market conditions are based primarily on favorable global supply and demand fundamentals. Spot aluminum prices, as quoted on the LME, averaged $2,800 per metric ton in the first quarter of 2007 and remain well above historical long-term averages. Significant continuing demand growth in China and the generally favorable conditions in the global economy are believed by industry analysts to be the primary drivers of the robust market conditions.

In 2006, according to industry sources, global demand for primary aluminum increased approximately 8.0% while global supply grew by about 6.0%, resulting in a deficit of approximately 500,000 metric tons. In the first quarter of 2007, global supply exceeded demand by over 100,000 metric tons, in part due to restarts of idled capacity, principally in China, the United States and Europe. Current capacity utilization rates indicate that producers are operating at or near full capacity globally. In addition, industry experts believe there is little viable idled capacity left to be restarted. Aluminum inventories remain relatively lean on a historical basis, with producer and LME stocks representing 35 to 40 days of Western World consumption.

Competitive Strengths

Our key competitive strengths are:

Focus on Upstream Aluminum Business. We operate principally in the production of primary aluminum. We also have a 50 percent joint venture interest in an alumina refinery and a related bauxite mining operation. By concentrating our activities in the upstream part of the aluminum industry, we are able to focus our resources on our existing operations, take advantage of growth opportunities, minimize overhead costs and avoid exposure to fluctuations in demand in any single end-use market.

Balanced Mix of Assets. Our portfolio of assets is balanced between mature and growth-oriented operations. Our facilities in the U.S. and Jamaica require modest sustaining investment, operate productively and produce attractive returns in the current market environment. We operate a modern, globally competitive smelter in Grundartangi, Iceland. We have increased the Grundartangi facility s production capacity from 90,000 mtpy in 2004 (the time of our acquisition of Grundartangi) to 220,000 mtpy at year-end 2006 and expect to further expand production to 260,000 mtpy by year-end 2007. We intend to replicate the success of this project through the construction of a new smelter near Helguvik, Iceland.

Attractive Business Model in Iceland. Grundartangi s operating model provides numerous competitive advantages. Our electrical power supply in Iceland is clean, renewable and globally competitive. Power pricing at Grundartangi is variable and is linked directly to the LME price for primary aluminum. This arrangement provides a natural hedge to the price of the commodity. Our tolling arrangements, under which we sell all of our production from Grundartangi, yield a number of benefits. Under these contracts, we process our customers alumina into primary aluminum; for this service, we receive a fee linked to the LME price for primary aluminum. We thus bear no risk of the alumina market (which has historically been volatile), and require modest amounts of working capital to operate our business. The nature of these tolling agreements and limited number of customers under them allow us to reduce our sales and marketing costs.

Secure Power Supply. Electricity is our single largest operating cost. Power pricing at Grundartangi, provided under long-term contracts which expire at various dates from 2019 through 2028, is variable and is linked directly to the LME price for primary aluminum. The power contracts for our U.S. facilities provide for primarily fixed-price power, subject to certain adjustments through June 2009.

Record of Successful Growth. We have successfully and consistently grown our asset base. From the beginning of 2000 through the planned completion of the expansion at Grundartangi in the fourth quarter of 2007, our primary aluminum production capacity will have increased by 558,000 mtpy, representing a compound annual growth rate of approximately 19%. We have produced this growth through acquisitions as well as via the major expansion of existing facilities. We have funded this development through a combination of cash flow from existing operations, debt and equity financings.

Relationship with Glencore. We benefit from our business relationship with our largest shareholder, Glencore International AG, one of the world s largest suppliers of a wide range of commodities and raw materials to industrial consumers. Glencore has been an important business partner for us and has assisted in the execution of our growth strategy and our metal hedging program. In addition, Glencore

Table of Contents

has consistently been a major customer as well as a significant supplier of alumina. All of our commercial transactions with Glencore are entered into on terms which we believe are at market.

Experienced Management Team. Members of our executive management team have significant experience in the aluminum industry, the broader metals and mining sector, the development of large and complex projects and the functional disciplines we require to manage and grow our business. In addition, the managers of our production facilities have substantial backgrounds and expertise in the technical and operational aspects of these plants.

Business Strategy

Our strategic objectives are to: (a) increase our primary aluminum business in Iceland by expanding our existing capacity and by building additional greenfield capacity; (b) diversify our geographic presence and expand our primary aluminum business by investing in or acquiring additional capacity in other favorable regions that offer attractive returns and lower our per unit production costs; and (c) pursue additional upstream opportunities in bauxite mining and alumina refining. The following table shows our primary aluminum shipment volumes since 2000.

Century Aluminum Primary Aluminum Shipments

To date, our growth activities have included:

acquiring an additional 23% interest in Mt. Holly in April 2000;

acquiring an 80% interest in Hawesville in April 2001;

acquiring the remaining 20% interest in Hawesville in April 2003;

acquiring the 90,000 mtpy Grundartangi facility in April 2004;

acquiring a 50% joint venture interest in Gramercy, our first alumina refining facility, together with related bauxite mining assets, in October 2004; and

an ongoing expansion of Grundartangi s production capacity to 260,000 mtpy of primary aluminum, which is scheduled for completion in the fourth quarter of 2007.

Table of Contents

Recent Developments

Proposed Helguvik Smelter

We intend to use the net proceeds from the sale of our common stock in this offering primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. We will also need to arrange additional third-party debt for this project, in addition to using current cash flows. This smelter would be located approximately 30 miles from the city of Reykjavik and would be operated through our Nordural Helguvik subsidiary. The site is adjacent to a longstanding U.S. Department of Defense base, which was recently closed, causing the loss of 700 direct jobs and over 1,000 additional related jobs. This site provides a flat location and existing harbor, as well as proximity to the capital and other industry. To date, we have signed a harbor agreement, site agreement and an agreement to grant, as required, the necessary construction licenses and permits and terms regarding principles of taxation, with the Reykjanesbaer Municipal Council, the Gardur Municipal Council and the Reykjanes Harbour Board. In addition, we have signed a contract to purchase electrical energy from one of the major Icelandic geothermal power producers; we are negotiating a contract with the other geothermal producer under a memorandum of understanding signed in 2006. The contract is subject to the satisfaction of certain conditions, including approvals by the boards of directors of the power companies, environmental agency approval and the construction of the new facility. The first phase of construction is currently being planned based on the anticipated availability of up to 250 Mega Watts (MW) of power in 2010, corresponding to a production capacity of about 150,000 mtpy. An additional 185 MW is expected to become available by 2015 which would allow us to increase the Helguvik project s capacity to approximately 250,000 mtpy. For additional information see Management s Discussion and Analysis of Financial Condition and Results of Operations Recent Developments on page S-26. Successful completion of the Helguvik project is subject to risks as described under Risk Factors on page S-9. Proceeds not used for the Helguvik project may also be used for general corporate purposes, including capital expenditures. See Use of Proceeds on page S-19.

Grundartangi Expansion Schedule Accelerated

In April 2006, we announced an acceleration in the further expansion of our Grundartangi facility in Iceland from 220,000 mtpy to 260,000 mtpy. The construction of the expansion is expected to be completed in the fourth quarter of 2007. We had previously announced that Orkuveita Reykjavikur (OR) had agreed to deliver the power for the additional expansion by late 2008. Landsvirkjun, Iceland s national power company, has agreed to deliver power for the additional capacity on an interim basis as available until power is available from OR in late 2008. If Landsvirkjun is not able to deliver power on a short-term basis, we will need to enter into alternative arrangements for provision of power. On April 30, 2007, Grundartangi and Glencore entered into a toll conversion agreement for the additional 40,000 mtpy of expansion capacity which commences when the expansion capacity is operational.

Republic of Congo Aluminum Venture Memorandum of Understanding Signed

In February 2007, we signed a Memorandum of Understanding (MOU) with the Republic of Congo (ROC) in West Africa in connection with the exclusive right granted to us to develop an integrated aluminum business in the ROC consisting of an aluminum smelter, an alumina refinery and a bauxite mine. The project contemplated by the MOU is in the early stages of feasibility study and review and is subject to the results of that study and review, the negotiation of definitive contracts, and the satisfaction of various conditions.

The ROC port area of Pointe-Noire has been identified as a potential site for the aluminum smelter and alumina refinery. The location of the bauxite mine is dependent upon a future assessment and mapping of the ROC bauxite reserves. The project contemplated by the MOU is based on the Government of ROC assisting us to secure the provision of a minimum annual commitment of 500 MW of gas-generated electrical energy to the facility.

For additional information on our recent developments see Management s Discussion and Analysis of Financial Condition and Results of Operations Recent Developments on page S-26.

Risk Factors

An investment in our common stock involves various risks. You should carefully consider the matters discussed under the section entitled Risk Factors commencing on page S-9 of this prospectus supplement and the risk factors incorporated by reference, as the same may be updated or supplemented by our future filings with the SEC that are incorporated by reference into this prospectus supplement, before making any investment in our common stock. Some statements contained in this prospectus supplement, the accompanying prospectus or in documents incorporated by reference herein or therein are forward-looking statements. You should not place undue reliance on forward-looking statements because they are subject to a variety of risks that may cause material differences between our actual and anticipated results, performance or achievements. See Forward-Looking Statements on page S-18.

Other Information

We are a corporation organized under the laws of the State of Delaware in 1981. Our principal executive offices are located at 2511 Garden Road, Building A, Suite 200, Monterey, California 93940. Our telephone number at that address is (831) 642-9300. You may also obtain additional information about us from our website, which is located at *www.centuryaluminum.com.* The information included on our website is not, and should not be considered as, a part of this prospectus supplement or the accompanying prospectus.

Table of Contents

THE OFFERING

Common stock offered by us	7,250,000 shares
Common stock outstanding prior to completion of the offering	32,585,080 shares(1)
Common stock to be outstanding after the offering	39,835,080 shares(1)
Underwriters over-allotment option	1,087,500 shares(1)
Common stock to be outstanding after this offering, assuming exercise of the underwriters over-allotment option in full	40,922,580 shares(1)
Use of proceeds	We expect to receive approximately $ million in net proceeds (after underwriting discounts and commissions of approximately $ and offering expenses of approximately $ from this offering), or approximately $ million if the underwriters exercise their over-allotment option in full. We intend to use the net proceeds from the sale of our common stock under this prospectus supplement primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. Successful completion of the Helguvik project is subject to various risks described under Risk Factors on page S-9. Proceeds not used for the Helguvik project may also be used for general corporate purposes, including other capital expenditures. From time to time, we evaluate the possibility of acquiring businesses and additional production facilities, and we may use a portion of the proceeds as consideration for such acquisitions. Until we use the net proceeds for these purposes, we expect to use them primarily to reduce debt or invest them in interest-bearing securities, in particular, we intend to repay all or a substantial portion of our Nordural subsidiary s term loan, which we expect would provide Nordural with increased borrowing capacity to finance the Helguvik project. See Use of Proceeds on page S-19.
Nasdaq Global Select Market Symbol	CENX

(1) Based on shares of common stock outstanding as of April 30, 2007. This number excludes approximately 440,000 shares of our common stock issuable upon exercise of outstanding stock options under our stock option plans and approximately 520,000 shares of our common stock reserved for future issuance under our stock option plans and unvested shares of restricted stock.

Table of Contents

SUMMARY CONSOLIDATED FINANCIAL DATA

The following selected financial data for the three years ended December 31, 2006 are derived from the audited consolidated financial statements of Century Aluminum Company. The financial data for the three months ended March 31, 2007 and 2006 are derived from our unaudited consolidated financial statements. The unaudited financial statements include all adjustments, which are of a normal and recurring nature, which we consider necessary for a fair presentation of the financial position and the results of operations for these periods.

Operating results for the three months ended March 31, 2007 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2007. The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information incorporated by reference herein.

Our selected historical results of operations include: the results of operations from Nordural since we acquired it in April 2004; our equity in the earnings of our joint venture investments in Gramercy and St. Ann since we acquired an interest in those companies in October 2004; and the results of operations from our 130,000 mtpy expansion of Grundartangi which became fully operational in the fourth quarter of 2006.

	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006(1)	2006(2)	2005(3)	2004(4)
	(Unaudited)				
	(In thousands, except per share and per pound data)				
Net sales	$ 447,657	$ 346,946	$ 1,558,566	$ 1,132,362	$ 1,060,747
Gross profit	110,652	76,468	348,522	161,677	185,287
Operating income	97,685	64,349	309,159	126,904	160,371
Net income (loss)	64,249	(141,571)	(40,955)	(116,255)	33,482
Earnings (loss) per share:					
Basic:	$ 1.98	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14
Diluted:	$ 1.87	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14
Total assets	$ 2,247,946	$ 1,883,066	$ 2,185,234	$ 1,677,431	$ 1,332,553
Total debt(5)	772,602	727,789	772,251	671,901	524,108
Long-term debt(6)	575,176	528,887	559,331	488,505	330,711
Net cash flow from operating activities	98,118	16,039	185,353	134,936	105,828
Other information:					
Shipments Primary aluminum:					
Direct shipment pounds (000)	290,057	291,843	1,152,617	1,153,731	1,179,824
Toll shipment pounds (000)(7)	116,968	54,177	346,390	203,967	138,248
Average LME per pound	$ 1.27	$ 1.10	$ 1.166	$ 0.861	$ 0.778
Average Midwest premium per pound	$ 0.032	$ 0.055	$ 0.055	$ 0.056	$ 0.068
Average realized price per pound:					
Direct shipments	$ 1.15	$ 1.03	$ 1.09	$ 0.86	$ 0.83
Toll shipments	$ 0.98	$ 0.83	$ 0.88	$ 0.67	$ 0.62

(1)

Net income (loss) includes an after-tax charge of $183.5 million, or $5.54 per diluted share for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(2) Net income (loss) includes an after-tax charge of $241.7 million, or $7.19 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting and a gain on the sale of surplus land.

Table of Contents

(3) Net income (loss) includes an after-tax charge of $198.2 million, or $6.15 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(4) Net income (loss) includes an after-tax charge of $30.4 million, or $1.06 per diluted share, for a loss on early extinguishment of debt. See Note 5 in the Audited Consolidated Financial Statements included herein.

(5) Total debt includes all long-term debt obligations and any debt classified as short-term obligations, including the current portion of our long-term debt, industrial revenue bonds and 1.75% convertible senior notes. Total debt does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

(6) Long-term debt includes all payment obligations under long-term borrowing arrangements, excluding the current portion of long-term debt. Total debt does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

(7) Grundartangi completed a 130,000 mtpy capacity expansion in the fourth quarter of 2006.

Table of Contents

RISK FACTORS

Investment in the common stock offered pursuant to this prospectus supplement and the accompanying prospectus involves risks. In addition to the information presented in this prospectus supplement and the accompanying prospectus and the risk factors in our most recent Annual Report on Form 10-K and our other filings with the SEC that are incorporated by reference in this prospectus supplement and the accompanying prospectus, you should consider carefully the following risks before deciding to purchase our common stock.

The following describes certain of the risks and uncertainties we face that could cause our future results to differ materially from our current results and from those anticipated in our forward-looking statements. These risk factors should be considered together with the other risks and uncertainties described in Management s Discussion and Analysis of Financial Condition and Results of Operations on page S-25 and elsewhere herein.

Risks Relating to Our Business

The cyclical nature of the aluminum industry causes variability in our earnings and cash flows; our hedging transactions may limit our ability to benefit from increased aluminum prices which are currently near historical highs.

Our operating results depend on the market for primary aluminum, which is a highly cyclical commodity with prices that are affected by global demand and supply factors and other conditions. Historically, aluminum prices have been volatile and we expect such volatility to continue. Currently, aluminum prices are near historical highs. These prices are driven, in part, by global demand for aluminum arising from favorable global economic conditions and strong demand in China. Although we use contractual arrangements to manage our exposure to fluctuations in the commodity price, a decline in primary aluminum prices would reduce our earnings and cash flows. Any significant downturn in prices for primary aluminum would significantly reduce the amount of cash available to meet our current obligations and fund our long-term business strategies and may force the curtailment of all or a portion of our operations at one or more of our smelters.

Conversely, as prices for aluminum increase, certain of our hedging transactions, including our forward sales of primary aluminum and our LME-based alumina and power contracts, limit our ability to take advantage of these increased prices.

We sell molten aluminum to the major customers of Ravenswood and Hawesville; the loss of one of these major customers would increase our production costs at those facilities and could increase our sales and marketing costs.

Approximately 53% of our consolidated net sales for 2006 was derived from sales to Alcan and Southwire. Alcan s facility is located adjacent to Ravenswood and Southwire s facility is located adjacent to Hawesville. Due to this proximity, we are able to deliver molten aluminum to these customers, thereby eliminating our casting and shipping costs and our customers freight and remelting costs and reducing our sales and marketing costs. Century has contracts with Alcan and Southwire which are due to expire in July 2007 and March 2011, respectively. We may be unable to extend or replace these contracts when they terminate. If we are unable to renew these contracts when they expire, or if either customer significantly reduces its purchases under those contracts, we would incur higher casting and shipping costs and potentially higher sales and marketing costs.

A material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk.

We benefit from our relationship with Glencore, our largest shareholder. We enter into forward sales and hedging contracts with Glencore that help us manage our exposure to fluctuating aluminum prices. Because

Table of Contents

Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk, which could impact our results of operations.

Losses caused by disruptions in the supply of power would reduce the profitability of our operations.

We use large amounts of electricity to produce primary aluminum. Any loss of power which reduces the amperage to our equipment or causes an equipment shutdown would result in a reduction in the volume of molten aluminum produced and may result in the hardening or freezing of molten aluminum in the pots where it is produced. Interruptions in the supply of electrical power to our facilities can be caused by a number of circumstances, including unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events. If such a condition were to occur, we may lose production for a prolonged period of time and incur significant losses. We maintain property and business interruption insurance to mitigate losses resulting from catastrophic events, but are required to pay significant amounts under the deductible provisions of those insurance policies. In addition, the coverage under those policies may not be sufficient to cover all losses, or may not cover certain events. Certain of our insurance policies do not cover any losses that may be incurred if our suppliers are unable to provide power during periods of unusually high demand. Certain losses or prolonged interruptions in our operations may trigger a default under our revolving credit facility.

The cost of alumina used at Hawesville may be higher than under our LME-based alumina contracts.

We acquire alumina used at Ravenswood and Mt. Holly at prices based on the LME price for primary aluminum. Gramercy supplies all of the alumina used at Hawesville at prices based on Gramercy s production costs. Those production costs could be materially higher than the price paid under LME-based contracts during periods when aluminum prices are low and raw material costs used in the production of alumina, such as natural gas, are high.

Changes or disruptions to our current alumina and other raw material supply arrangements could increase our raw material costs.

We depend on a limited number of suppliers for alumina, the principal raw material used to produce primary aluminum. Disruptions to our supply of alumina could occur for a variety of reasons, including disruptions of production at a particular supplier s alumina refinery. These disruptions may require Century to purchase alumina on the spot market on less favorable terms than under our current agreements.

Gramercy supplies substantially all the alumina used at Hawesville. Our joint venture bauxite mining operation in St. Ann, Jamaica supplies all of the bauxite used in the production of alumina at Gramercy. If there is a significant disruption of St. Ann bauxite shipments in the future, Gramercy could incur additional costs if it is required to use bauxite from other sources. For example, in the fourth quarter of 2006, a disruption in our Gramercy power supply increased our costs as we replaced Gramercy supplied alumina with more expensive spot market.

Our business also depends upon the adequate supply of other raw materials, including caustic soda, aluminum fluoride, calcined petroleum coke, pitch, and cathodes, at competitive prices. Although there remain multiple sources for these raw materials worldwide, consolidation among certain North American suppliers has reduced the number of available suppliers in this industry. A disruption in our raw materials supply from our existing suppliers due to a labor dispute, shortage of their raw materials or other unforeseen factors may adversely affect our operating results if we are unable to secure alternate supplies of these materials at comparable prices.

Changes in the relative cost and availability of certain raw materials and energy compared to the price of primary aluminum could affect our operating results.

Our operating results vary significantly with changes in the price of primary aluminum and the raw materials used in its production, including alumina, caustic soda, aluminum fluoride, calcined petroleum coke, pitch, and cathodes. Because we sell our products based on the LME price for primary aluminum, we cannot pass on increased costs to our customers. Although we attempt to mitigate the effects of price fluctuations through the use of various fixed-price commitments and financial instruments and by pricing some of our raw materials and energy contracts based on LME prices, these efforts also limit our ability to take advantage of favorable changes in the market prices for primary aluminum or raw materials. In addition, because we have sold forward a certain amount of our production capacity in future years, rising raw material and energy prices would negatively impact our earnings and cash flow.

Electricity represents our single largest operating cost. As a result, the availability of electricity at economic prices is critical to the profitability of our operations. We purchase virtually all of our electricity for our U.S. facilities under fixed-price contracts through 2007. At Mt. Holly, portions of the contracted cost of the electricity supplied to Mt. Holly vary with the supplier s fuel costs. An increase in these fuel costs would increase the price this facility pays for electricity. Hawesville has unpriced power requirements of approximately 27% of its power requirements from 2008 through 2010. The profitability of Hawesville could be adversely affected if we are unable to obtain power for the unpriced portions of Hawesville s power requirements at economic rates. We are currently reviewing our options for pricing power in 2008 through 2010 at Hawesville. We are working with a local power company on a proposal that would restructure and extend Hawesville s existing power supply contract through 2023. If we are not successful at replacing such power requirements, we may be forced to curtail or idle a portion of our production capacity, which would lower our revenues and adversely affect the profitability of our operations. At Ravenswood, power prices have some variability based upon the LME price for primary aluminum and are subject to possible adjustments in the published tariff. The Ravenswood tariff is currently subject to a rate case adjustment for fuel, purchased power and unexpected capital costs of the power provider. This rate case, or other possible future rate cases, could lead to an increase in the price that Ravenswood pays for electricity and thereby decrease profit margins. We need to obtain additional electricity for our expansions in Iceland where we have entered into MOUs or contracts. If we are unable to finalize these, we will need to seek alternative sources of electricity, which could increase our costs.

Unexpected events, including natural disasters, may increase our cost of doing business or disrupt our operations.

Unexpected events, including fires or explosions at our facilities, natural disasters, such as hurricanes, unplanned power outages, supply disruptions, or equipment failures, may increase our cost of doing business or otherwise disrupt our operations.

We are subject to the risk of union disputes.

The bargaining unit employees at Ravenswood and Hawesville and at the Gramercy refinery are represented by the United Steelworkers of America (USWA). Century s USWA labor contracts at Hawesville and Ravenswood and the labor contract at Gramercy expire in March 2010, May 2009, and September 2010, respectively. Our bargaining unit employees at Grundartangi are represented by five unions under a collective bargaining agreement that expires on December 31, 2009.

If we fail to maintain satisfactory relations with any labor union representing our employees, our labor contracts may not prevent a strike or work stoppage at any of these facilities in the future. As a result of a threatened strike in July 2006, we commenced an orderly shut down of one of the four potlines at Ravenswood. Although the notice to strike was rescinded after we reached agreement with the USWA on a new labor contract, our production at Ravenswood was curtailed while we restarted the potline. Any threatened or actual work stoppage in the future could prevent or significantly impair our ability to conduct production operations at our unionized facilities, which could have a material adverse effect on our financial results.

Table of Contents

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

We are obligated to comply with various federal, state and other environmental laws and regulations, including the environmental laws and regulations of the United States, Iceland, the European Union (EU) and Jamaica. Environmental laws and regulations may expose us to costs or liabilities relating to our manufacturing operations or property ownership. We incur operating costs and capital expenditures on an ongoing basis to comply with applicable environmental laws and regulations. In addition, we are currently and may in the future be responsible for the cleanup of contamination at some of our current and former facilities or for the amelioration of damage to natural resources.

We, along with others, including current and former owners of a facility on St. Croix in the Virgin Islands, formerly owned by a subsidiary of ours, have been sued for alleged natural resources damages at the facility. In addition, in December 2006, we and the company that purchased the assets of our St. Croix facility in 1995 were sued by the Commissioner of the U.S. Virgin Islands Department of Planning and Natural Resources alleging our failure to take certain actions specified in a Virgin Islands Coastal Zone management permit issued to our subsidiary, Virgin Island Alumina Corporation LLC, in October 1994. Also, in July 2006, Century was 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. Our known liabilities with respect to these and other matters relating to environmental compliance and cleanup, based on current information, are not expected to be material. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, previously unknown environmental conditions or damages to natural resources are discovered or alleged, or if contributions from other responsible parties with respect to sites for which we have cleanup responsibilities are not available, we may be subject to additional liability, which may be material and could affect our liquidity and our operating results. Further, additional environmental matters for which we may be liable may arise in the future at our present sites where no problem is currently known, with respect to sites previously owned or operated by us, by related corporate entities or by our predecessors, or at sites that we may acquire in the future. In addition, overall production costs may become prohibitively expensive and prevent us from effectively competing in price sensitive markets if future capital expenditures and costs for environmental compliance or cleanup are significantly greater than current or projected expenditures and costs.

Acquisitions may present difficulties.

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

- it may be challenging for us to manage our existing business as we integrate acquired operations;
- we may not achieve the anticipated benefits from our acquisitions; and
- management of acquisitions will require continued development of financial controls and information systems, which may prove to be expensive, time-consuming, and difficult to maintain.

Accordingly, our past or future acquisitions might not ultimately improve our competitive position and business prospects as anticipated.

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

Grundartangi, in Iceland, was our first facility located outside of the United States. Following completion of the ongoing expansion at that facility, it will represent approximately 33% of our overall primary aluminum production capacity. We also intend to construct a greenfield aluminum smelter near Helguvik, Iceland and are exploring opportunities in other countries. The St. Ann bauxite operations related to the Gramercy plant are located in Jamaica. We are considering the development of greenfield upstream aluminum projects in several

Table of Contents

foreign countries, including the Republic of Congo and Jamaica. We may in the future consider other investments in other foreign countries. International operations expose us to risks, including unexpected changes in foreign laws and regulations, political and economic instability, challenges in managing foreign operations, increased cost to adapt our systems and practices to those used in foreign countries, export duties, tariffs and other trade barriers, and the burdens of complying with a wide variety of foreign laws. In addition, we may be exposed to fluctuations in currency exchange rates and, as a result, an increase in the value of foreign currencies relative to the U.S. dollar could increase our operating expenses which are denominated and payable in those currencies. For example, Nordural s revenues are denominated in U.S. dollars, while its labor costs are denominated in Icelandic krona and a portion of its anode costs are denominated in euros. In addition, a majority of our costs in connection with the ongoing expansion of the Grundartangi facility are denominated in currencies other than the U.S. dollar. As we continue to expand the Grundartangi facility, construct the Helguvik facility and explore other opportunities, our currency risk with respect to the Icelandic krona and other foreign currencies will significantly increase.

Our historical financial information may not be comparable to our results for future periods.

Our historical financial information is not necessarily indicative of our future results of operations, financial position and cash flows. For example, certain of our historical financial data do not reflect the effects of:

- our acquisition of Nordural prior to April 27, 2004;
- the equity in the earnings of our joint ventures prior to October 1, 2004; and
- the 130,000 mtpy expansion capacity of Grundartangi that was completed in the fourth quarter of 2006.

Our high level of indebtedness requires significant cash flow to meet our debt service requirements, which reduces cash available for other purposes, such as the payment of dividends, and limits our ability to pursue our growth strategy.

We are highly leveraged. We had an aggregate of approximately $773 million of outstanding indebtedness as of March 31, 2007. In addition, we could borrow additional amounts under our $100 million credit facility, and we expect to incur additional indebtedness to finance the Helguvik project. The level of our indebtedness could have important consequences, including:

- limiting cash flow available for capital expenditures, acquisitions, dividends, working capital and other general corporate purposes because a substantial portion of our cash flow from operations must be dedicated to servicing our debt;
- increasing our vulnerability to adverse economic and industry conditions; and
- limiting our flexibility in planning for, or reacting to, competitive and other changes in our business and the industry in which we operate.

We will be required to settle in cash up to the principal amount of our $175 million convertible notes (which are convertible by the holder at any time) upon conversion, which could increase our debt service obligations. In addition to our indebtedness, we have liabilities and other obligations which could reduce cash available for other purposes and could limit our ability to pursue our growth strategy. More information about our liquidity and debt service obligations is set forth under Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources on page S-37.

We are also exposed to risks of interest rate increases. We had approximately $341 million of debt with variable interest rates at March 31, 2007, of which, at March 31, 2007, approximately $332 million were borrowings under Nordural s $365 million senior term loan facility. At April 30, 2007, Nordural had borrowings under its senior term loan facility of approximately $262 million. Nordural s annual debt service requirements will vary, as amounts outstanding under its term loan facility bear interest at a variable rate.

Our ability to pay interest and to repay or refinance our indebtedness, including Nordural s senior term loan facility, our senior unsecured notes and convertible notes, and to satisfy other commitments, including funding the ongoing Grundartangi expansion, will depend upon our future operating performance, which is subject to general economic, financial, competitive, legislative, regulatory, business and other factors, including market prices for primary aluminum, that are beyond our control. Accordingly, there is no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay debt service obligations or to fund our other liquidity needs. If we are unable to meet our debt service obligations or fund our other liquidity needs, we could attempt to restructure or refinance our indebtedness or seek additional equity capital. There can be no assurance that we would be able to accomplish those actions on satisfactory terms.

Restrictive covenants in our credit facility and the indenture governing our senior notes limit our ability to incur additional debt and pursue our growth strategy.

Our revolving credit facility and the indenture governing our senior unsecured notes each contain various covenants that restrict the way we conduct our business and limit our ability to incur debt, pay dividends and engage in transactions such as acquisitions and investments, which may impair our ability to pursue our growth strategy. See Management s Discussion and Analysis of Financial Condition and Results of Operations Contractual Obligations on page S-39. Any failure to comply with those covenants may constitute a breach under the revolving credit facility or the indenture governing the notes, which may result in the acceleration of all or a substantial portion of our outstanding indebtedness and termination of commitments under our revolving credit facility. If our indebtedness is accelerated, we may be unable to repay the required amounts and our secured lenders could foreclose on any collateral securing our secured debt.

Substantially all of Nordural s assets are pledged as security under its term loan facility. In addition, the shares of Nordural have been pledged to the lenders as collateral. If Nordural is unable to comply with the covenants in its term loan, the lenders would be able to cause all or part of the amounts outstanding under the loan facility to be immediately due and payable and foreclose on any collateral securing the loan facility. The term loan facility also contains restrictions on Nordural s ability to pay dividends, including a requirement that Nordural make a repayment of principal in an amount equal to 50% of any dividend paid to shareholders. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources on page S-37.

Further metals industry consolidation could provide competitive advantages to our competitors.

The metals industry has experienced consolidation over the past several years and there may be more consolidation transactions in the future. Consolidation by our competitors may enhance their capacity and their access to resources, lower their cost structure and put us at a competitive disadvantage. Continued consolidation may limit our ability to implement our strategic objectives effectively. We cannot reliably predict the impact on us of further consolidation in the aluminum industry.

The Helguvik project is subject to certain conditions and risks. If we do not proceed with this project, we would have broad discretion in deciding how to use the proceeds from this offering which were allocated for the Helguvik project.

We are not obligated to use the proceeds to us from this offering for any particular purpose. Accordingly, we will have considerable discretion in the application of the net proceeds.

We intend to use the net proceeds from this offering primarily as part of the funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. This project is subject to various Icelandic regulatory and other approvals and conditions. Recently, there has been increasing opposition among some voters in Iceland to the construction of new aluminum smelters and the further development of heavy industry in general. In March 2007, a local referendum in another area of Iceland resulted in the disapproval of a smelter expansion project proposed by another primary aluminum producer for the municipality in which the referendum was held. There can be no assurance that we will receive the necessary approvals to proceed with construction of our Helguvik smelter, on a timely basis or at all. In addition, such approvals as we do receive may be subject to conditions that are unfavorable or make the project impracticable or less attractive from a financial standpoint. Even if we receive necessary approvals on terms that we determine are acceptable, the construction of this project is a complex undertaking. There can be no assurance that we will be able to complete the project within our projected budget and schedule. In addition, unforeseen technical difficulties could increase the cost of the project, delay the project or render the project not feasible. Any delay in the completion of the project or increased costs could have a material negative impact on our financial performance and future prospects. To successfully execute this project, we will also need to arrange additional financing and either enter into tolling arrangements or secure a supply of alumina.

If we do not use the proceeds from this offering to finance a portion of the Helguvik project, we would seek to direct such proceeds to a financially attractive alternative use; however, there is no assurance that we would be able to find financially attractive alternative investments. The net proceeds may be used for corporate purposes that ultimately do not improve our operating results or market value, and you will not have the opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use the proceeds. See Use of Proceeds on page S-19.

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

Our proposed greenfield smelter near Helguvik, Iceland will require generation and transmission of geothermally-generated electricity to power the smelter. Our wholly-owned Iceland subsidiary, Nordural Helguvik sf, has entered into an agreement with a provider of geothermal power in Iceland for a substantial portion of this power. Nordural Helguvik is negotiating a similar agreement with a second power provider for the balance of the power. These two power company agreements are subject to certain conditions, some of which are not expected to be satisfied until the second quarter of 2008. These conditions include approvals by the boards of directors of the power companies, as well as environmental agency approvals. Additionally, Nordural Helguvik is in the process of finalizing with Iceland s transmission company an agreement to transmit the power to the new smelter. Conclusion of this power-transmission agreement will require consent of the municipalities affected by the transmission of the power. Generation of the electrical power contracted for the Helguvik smelter will require successful development of new geothermal energy sources within designated areas in Iceland. If there are construction delays or technical difficulties in developing these new geothermal fields, power may be delayed or may not be available. Factors which could delay or impede the generation and delivery of electric power are substantially beyond our ability to control, influence or predict.

Reductions in the duty on primary aluminum imports into the European Union decrease our revenues at Grundartangi.

Grundartangi s tolling revenues include a premium based on the EU import duty for primary aluminum. In May 2007, the EU members reduced the import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. This decrease in the EU import duty for primary aluminum negatively impacts Grundartangi s revenues and further decreases would also have a negative impact on Grundartangi s revenues.

Risks Associated with Our Common Stock and this Offering

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

We are a holding company and conduct all of our operations through our subsidiaries. Our ability to meet our debt service obligations depends upon the receipt of dividends from our subsidiaries. Nordural s senior term loan facility places significant limitations on Nordural s ability to pay dividends. Subject to the restrictions contained in our revolving credit facility and the indentures governing our senior and convertible notes, future borrowings by our subsidiaries could contain restrictions or prohibitions on the payment of dividends by those subsidiaries. In addition, under applicable law, our subsidiaries could be limited in the amounts that they are permitted to pay as dividends on their capital stock.

The price of our common stock has fluctuated significantly.

The market price of our common stock has experienced significant volatility from time to time, and this volatility may continue in the future. From January 1, 2006, through April 30, 2007, the intra-day sales price of our common stock on NASDAQ ranged from $26.14 to $56.57 per share. In addition, the securities markets have experienced significant price and volume fluctuations. The market price for our common stock may be affected by a number of factors, including actual or anticipated variations in our quarterly results of operations, expectations about the future price of aluminum, changes in earnings estimates or recommendations by securities analysts, changes in research coverage by securities analysts, any announcement by us of significant acquisitions, strategic partnerships, joint ventures or capital commitments, developments in the aluminum industry, including with respect to our major competitors, and sales of substantial numbers of shares by current holders of our common stock in the public market. In addition, general economic, political and market conditions and other factors unrelated to our operating performance may cause the market price of our common stock to be volatile.

Provisions in our charter documents and state law may make it difficult for others to obtain control of Century Aluminum, even though some stockholders may consider them to be beneficial.

Certain provisions of our restated certificate of incorporation and amended and restated bylaws, as well as provisions of the Delaware General Corporation Law, may have the effect of delaying, deferring or preventing a change in control of Century, including transactions in which our stockholders might otherwise have received a substantial premium for their shares over then-current market prices. For example, these provisions:

- give authority to our board of directors to issue preferred stock and to determine the price, rights, preferences, privileges and restrictions of the shares of preferred stock without any stockholder vote;

- provide, under our charter documents, for a board of directors consisting of three classes, each of which serves for a different three-year term;

- require stockholders to give advance notice prior to submitting proposals for consideration at stockholders meetings or to nominate persons for election as directors; and

- restrict, under our charter documents, certain business combinations between us and any person who beneficially owns 10% or more of our outstanding voting stock.

In addition, several of our officers have entered into employment and severance compensation agreements that provide for cash payments, immediate vesting of stock options and performance shares and acceleration of other benefits under certain circumstances, including a change in control of Century. Our 1996 Stock Incentive Plan, as amended, also provides for acceleration of the ability to exercise stock options and the vesting of performance shares upon a change in control, and our Non-Employee Directors Stock Option Plan provides for acceleration of an option holder s ability to exercise stock options upon a change in control.

Investors in this offering will experience immediate and substantial dilution.

The market price of our common stock is substantially higher than the net tangible book value per share of our common stock immediately after the completion of this offering. Therefore, if you purchase our common stock in this offering, you will incur immediate dilution of $ in net tangible book value per share from the price you paid. In the past, we have issued options to acquire common stock at prices significantly below the public offering price. To the extent these outstanding options are exercised, there will be further dilution to investors.

Table of Contents

Possible future sales of our shares by Glencore could adversely affect the market for our stock.

According to its filings with the SEC, Glencore holds approximately 28.6% of our common stock. Although Glencore has entered into a lockup agreement with the underwriters, as described under Underwriters on page S-73, once the lockup period of 90 days has expired, Glencore may sell its shares of our common stock in compliance with applicable laws. Although we can make no prediction as to the effect, if any, that such sales would have on the market price of our common stock, sales of substantial amounts of our common stock, or the perception that such sales could occur, could adversely affect the market price of our common stock.

Our management will have broad discretion over the use of the net proceeds from this offering and may invest or spend the net proceeds of this offering in ways with which you disagree.

Our management will have broad discretion in the application of the net proceeds we receive from this offering. Management s failure to apply these funds effectively could impair our ability to execute our business plan and the value of your investment. In addition, our stock price may fall if the investment community does not view our use of the proceeds from this offering favorably.

This list of significant risk factors is not necessarily in order of importance.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements. We have based these forward-looking statements on current expectations and projections about future events. Many of these statements may be identified by the use of forward-looking words such as expects, anticipates, plans, believes, projects, estimates, intends, should, will, scheduled, potential and similar words. These forward-looking statements are subject to risks, uncertainties and assumptions including, among other things, those outlined in our SEC filings incorporated by reference and those outlined in this document under the captions Risk Factors on page S-9 and Management s Discussion and Analysis of Financial Condition and Results of Operations on page S-25, as well as the following:

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

The loss of a customer to whom we deliver molten aluminum would increase our production costs and potentially our sales and marketing costs;

Glencore owns a large percentage of our common stock and has the ability to influence matters requiring shareholder approval;

We enter into forward sales and hedging contracts with Glencore that help us manage our exposure to fluctuating aluminum prices. Because Glencore is our sole metal hedge counterparty, a material change in our relationship with Glencore could affect how we hedge our exposure to metal price risk;

We could suffer losses due to a temporary or prolonged interruption of the supply of electrical power to one or more of our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events;

Due to volatile prices for alumina and electricity, the principal cost components of primary aluminum production, our production costs could be materially impacted if we experience changes to or disruptions in our current alumina or power supply arrangements, production costs at our alumina refining operation increase significantly, or if we are unable to obtain economic replacement contracts for our alumina supply or power as those contracts expire;

By expanding our geographic presence and diversifying our operations through the acquisition of bauxite mining, alumina refining and additional aluminum reduction assets, we are exposed to new risks and uncertainties that could adversely affect the overall profitability of our business;

Changes in the relative cost of certain raw materials and energy compared to the price of primary aluminum could affect our margins;

Most of our employees are unionized and any labor dispute could materially impair our ability to conduct our production operations at our unionized facilities;

We are subject to a variety of existing environmental laws that could result in unanticipated costs or liabilities and our planned environmental spending over the next three years may be inadequate to meet our requirements;

We may not realize the expected benefits of our growth strategy if we are unable to successfully integrate the businesses we acquire;

We cannot guarantee that our subsidiary Nordural will be able to complete its planned expansion of the Grundartangi facility from 220,000 mtpy to 260,000 mtpy in the time forecast or without cost overruns; and

Our high level of indebtedness reduces cash available for other purposes and limits our ability to incur additional debt and pursue our growth strategy.

We believe the expectations reflected in our forward-looking statements are reasonable, based on information available to us on the date of this prospectus supplement. However, given the described uncertainties and risks, we cannot guarantee our future performance or results of operations and you should not place undue reliance on these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The risks described herein under the headings Risk Factors on page S-9 and Management s Discussion and Analysis of Financial Conditions and Results of Operations on page S-25 and in our other SEC filings should be considered when reading any forward-looking statements in this document.

MARKET AND INDUSTRY DATA

We obtained the market data included or incorporated by reference in this prospectus supplement and accompanying prospectus from our own research and from surveys or studies conducted by third parties and cited in industry or general publications, including studies prepared by CRU International Inc., an internationally recognized research firm which collects and analyzes data about the aluminum industry. Industry and general publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, we have not independently verified such data and do not make any representation as to the accuracy of such information. Similarly, we believe our internal research is reliable but it has not been verified by any independent sources.

USE OF PROCEEDS

We expect to receive approximately $ million in net proceeds (after underwriting discounts and commissions of approximately $ and offering expenses of approximately $ from this offering), or approximately $ million if the underwriters exercise their over-allotment option in full.

We intend to use the net proceeds from the sale of our common stock under this prospectus supplement primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. Successful completion of the Helguvik project is subject to various risks described herein under Risk Factors on page S-9. Proceeds not used for the Helguvik project may also be used for general corporate purposes, including other capital expenditures. From time to time, we evaluate the possibility of acquiring businesses and additional production facilities, and we may use a portion of the proceeds as consideration for such acquisitions. Until we use the net proceeds for these purposes, we expect to use them primarily to reduce debt or invest them in interest-bearing securities, in particular, we intend to repay all or a substantial portion of our Nordural subsidiary s term loan, which we expect would provide Nordural with increased borrowing capacity to finance the Helguvik project.

PRICE RANGE OF COMMON STOCK

Our common stock is listed on the Nasdaq Global Select Market, under the symbol CENX. The following table sets forth for the periods indicated the high and low sale prices per share of our common stock as reported by the Nasdaq Global Select Market.

	2007		2006		2005	
Year	**High Sales Price**	**Low Sales Price**	**High Sales Price**	**Low Sales Price**	**High Sales Price**	**Low Sales Price**
First quarter	$ 49.83	$ 38.65	$ 44.50	$ 26.14	$ 34.70	$ 23.69
Second quarter			$ 56.57	$ 31.28	$ 32.18	$ 20.16
Third quarter			$ 39.16	$ 29.60	$ 27.60	$ 20.00
Fourth quarter			$ 47.34	$ 30.31	$ 26.79	$ 17.82

The closing price of our common stock on May 25, 2007 was $54.89. As of April 30, 2007, we had 32,585,080 shares of our common stock issued and outstanding and approximately 520,000 shares reserved for issuance for the exercise of options and vesting of restricted stock awards.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2007:

on an actual basis; and

on an as adjusted basis to give effect to this offering, after deducting the estimated underwriting discounts and commissions and our estimated offering expenses (assuming a public offering price of $54.89 per share, which represents the last reported sale price of our common stock on May 25, 2007 and assuming the underwriters option to purchase an additional 1,087,500 shares of our common stock is not exercised).

The information set forth below should be read in conjunction with our consolidated financial statements and related notes included in, and incorporated by reference into, this prospectus supplement and the accompanying prospectus.

	As of March 31, 2007	
	Actual	**As Adjusted[1]**
	(Unaudited) (Dollars in thousands)	
Cash and cash equivalents	$ 168,124	$ 213,799
Short-term debt:		
1.75% convertible senior notes	175,000	175,000
Industrial revenue bonds	7,815	7,815
Current portion of long-term debt	14,611	611
Long-term debt:		
7.5% senior unsecured notes	250,000	250,000
Nordural s senior term loan	317,500	
Other Nordural long-term debt	7,676	7,676
Total Debt	772,602	441,102
Shareholders equity:		
Common stock	326	399
Additional paid-in capital	437,375	814,477
Accumulated other comprehensive loss	(136,715)	(136,715)
Accumulated deficit	(79,964)	(79,964)
Total shareholders equity	221,022	598,197
Total capitalization	$ 993,624	$ 1,039,299

(1) Does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

Table of Contents

DIVIDEND POLICY

We did not declare dividends in 2006, 2005 or 2004 on our common stock, nor have we declared any dividends in 2007. We do not anticipate paying cash dividends in the foreseeable future.

Our revolving credit facility and the indenture governing our senior notes contain restrictions which limit our ability to pay dividends. Nordural s term loan facility contains restrictions on Nordural s ability to pay dividends.

DILUTION

Our net tangible book value as of March 31, 2007 was approximately $68 million, or $2.09 per share. Our net tangible book value per share represents our total tangible assets less total liabilities divided by the number of shares of our common stock outstanding as of March 31, 2007.

After giving effect to the sale of 7,250,000 shares of common stock offered by us in this offering based on a per share offering price of $, and deducting the estimated underwriting discount and commissions on shares sold by us and other estimated expenses related to the offering, our net tangible book value would have been approximately $, or $ per share. This amount represents an immediate increase in net tangible book value of $ per share to the existing stockholders and an immediate dilution of $ per share to new investors.

Public offering price per share	$	
Net tangible book value per share as of March 31, 2007	$	2.09
Increase per share attributable to this offering	$	
Net tangible book value per share after this offering	$	
Dilution in net tangible book value per share to new investors	$	

If the underwriters exercise their over-allotment option in full, our net tangible book value as of March 31, 2007 would have been $ per share, representing an immediate increase to existing stockholders of $ per share and an immediate dilution of $ per share to new investors.

The above information does not reflect approximately 520,000 shares reserved for issuance, as of March 31, 2007, upon the exercise of outstanding stock options and vesting of restricted stock awards.

Table of Contents

SELECTED HISTORICAL FINANCIAL INFORMATION

The following selected financial data at or for the five years ended December 31, 2006 are derived from the audited consolidated financial statements of Century Aluminum Company. The financial data at or for the three months ended March 31, 2007 and 2006 is derived from our unaudited consolidated financial statements. The unaudited financial statements include all adjustments, which are of a normal and recurring nature, which we consider necessary for a fair presentation of the financial position and the results of operations for these periods.

In the second quarter of 2005, we changed our method of inventory costing from the last-in-first-out, or LIFO, method to the first-in-first-out, or FIFO method. The operating results for the years ended December 31, 2004, 2003 and 2002 shown below reflect our results of operations using the FIFO method of costing inventory. Additional information about this change in accounting principle is available in our consolidated financial statements for the year ended December 31, 2005 incorporated by reference herein.

Operating results for the three months ended March 31, 2007 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2007. The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information incorporated by reference herein.

Our results for these quarterly periods for the three months ended March 31, 2006 and 2007 and prior year-end periods are not fully comparable to our results of operations for fiscal year 2006 and may not be indicative of our future financial position or results of operations.

Table of Contents

	Three Months Ended March 31,		Year Ended December 31,				
	2007	2006(1)	2006(2)	2005(3)	2004(4)	2003(5)	2002
	(Unaudited)		(In thousands, except per share and per pound data)				
Net sales	$ 447,657	$ 346,946	$ 1,558,566	$ 1,132,362	$ 1,060,747	$ 782,479	$ 711,338
Gross profit	110,652	76,468	348,522	161,677	185,287	43,370	20,360
Operating income	97,685	64,349	309,159	126,904	160,371	22,537	4,577
Income (loss) before cumulative effect of change in accounting principle	(64,249)	(141,571)	(40,955)	(116,255)	33,482	3,922	(18,443)
Net income (loss)	64,249	(141,571)	(40,955)	(116,255)	33,482	(1,956)	(18,443)
Earnings (loss) per share:							
Basic:							
Income (loss) before cumulative effect of change in accounting principle	$ 1.98	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14	$ 0.09	$ (0.99)
Cumulative effect of change in accounting principle						(0.28)	
Net income (loss) per share	$ 1.98	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14	$ (0.19)	$ (0.99)
Diluted:							
Income (loss) before cumulative effect of change in accounting principle	$ 1.87	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14	$ 0.09	$ (0.99)
Cumulative effect of change in accounting principle						(0.28)	
Net income (loss) per share	$ 1.87	$ (4.39)	$ (1.26)	$ (3.62)	$ 1.14	$ (0.19)	$ (0.99)
Dividends per common share	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.15
Total assets	$ 2,247,946	$ 1,883,066	$ 2,185,234	$ 1,677,431	$ 1,332,553	$ 804,242	$ 763,751
Total debt(6)	772,602	727,789	772,251	671,901	524,108	344,125	329,667
Long-term debt(7)	575,176	528,887	559,331	488,505	330,711	336,310	321,852
Other information:							
Shipments Primary aluminum:							
	290,057	291,843	1,152,617	1,153,731	1,179,824	1,126,542	1,049,295

Direct shipment pounds (000)														
Toll shipment pounds (000)(8)		116,968		54,177		346,390		203,967		138,248				
Average LME per pound	$	1.269	$	1.098	$	1.166	$	0.861	$	0.778	$	0.649	$	0.612
Average Midwest premium per pound	$	0.032	$	0.055	$	0.055	$	0.056	$	0.068	$	0.037	$	0.041
Average realized price per pound:														
Direct shipments	$	1.15	$	1.03	$	1.09	$	0.86	$	0.83	$	0.69	$	0.68
Toll shipments	$	0.98	$	0.83	$	0.88	$	0.67	$	0.62				

S-23

Table of Contents

(1) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $183.5 million, or $5.54 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(2) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $241.7 million, or $7.19 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting and by a gain on the sale of surplus land.

(3) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $198.2 million, or $6.15 per diluted share, for mark-to-market losses on forward contracts that do not qualify for cash flow hedge accounting.

(4) Income (loss) before cumulative effect of change in accounting principle and Net income (loss) include an after-tax charge of $30.4 million, or $1.06 per diluted share, for a loss on early extinguishment of debt. See Note 5 in the Audited Consolidated Financial Statements included herein.

(5) We adopted Statement of Financial Accounting Standards (SFAS) No. 143, Accounting for Asset Retirement Obligations on January 1, 2003. As a result, we recorded a one-time, non-cash charge of $5,878, for the cumulative effect of a change in accounting principle.

(6) Total debt includes all long-term debt obligations and any debt classified as short-term obligations, including the current portion of long-term debt, the industrial revenue bonds (IRBs) and the 1.75% convertible senior notes, excluding any outstanding preferred stock. Total debt does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

(7) Long-term debt includes all payment obligations under long-term borrowing arrangements, excluding the current portion of long-term debt. Total debt does not reflect repayment of $70 million of Nordural debt in April 2007 from available cash.

(8) Grundartangi completed a 130,000 mtpy capacity expansion in the fourth quarter of 2006.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion reflects our historical results of operations, certain portions of which do not include results from:

- our ownership of Grundartangi until acquired in late April 2004;
- our ownership interest in the Gramercy assets until acquired in October 2004; and
- the 130,000 mtpy expansion capacity of Grundartangi that was completed in the fourth quarter of 2006.

Accordingly, the results for fiscal years 2004 and 2005 are not fully comparable to the results of operations for fiscal year 2006. Our historical results are not indicative of our current business. You should read the following discussion in conjunction with our consolidated financial statements, related notes, and other financial information incorporated by reference herein.

Overview

We are a global producer of primary aluminum and the third largest primary aluminum producer in North America. The aluminum industry is cyclical and the price of primary aluminum (which trades as a commodity) is determined primarily by global supply and demand. Through our ownership of Ravenswood, Hawesville and Grundartangi, and our ownership interest in Mt. Holly, we have an annual production capacity of approximately 745,000 mtpy of primary aluminum. We expect our production capacity to increase to 785,000 mtpy by the fourth quarter of 2007 as a result of the ongoing expansion at Grundartangi. The key determinants of our results of operations and cash flow from operations are as follows:

- Our selling price is based on the LME and U.S. Midwest prices of primary aluminum and fixed price sales contracts.
- Our facilities operate at or near capacity, and fluctuations in volume, other than through expansions and acquisitions, generally are small.
- The principal components of cost of goods sold are alumina, electrical power and labor, which in aggregate were in excess of 70% of the 2006 cost of goods sold. Many of these costs are covered by long-term contracts, as described below.

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

Alumina and power are our two major costs of goods sold. Fluctuations in the cost of alumina in our U.S. facilities are expected as the pricing in these contracts is variable and, except for the Gramercy alumina contract, is based on LME prices. Power contracts for our U.S. facilities primarily provide for fixed priced power through 2009, subject to adjustments for fuel costs in Mt. Holly and possible adjustments in tariff rates in Ravenswood. Approximately 27% of Hawesville s power requirements (126 MW) are unpriced beginning in 2008 through 2010. We have negotiated short-term contracts to cover this requirement through 2007 at approximately market prices prevailing at the time we entered into such contracts. We are currently reviewing our options for pricing the unpriced power in 2008 through 2010. We are working with Big Rivers Electric Corporation and Kenergy Corporation on a proposal that would restructure and extend Hawesville s existing power supply contract through 2023. We expect power rates for the unpriced power to be significantly higher than the rates paid under our current long-term power contracts. Effective July 28, 2006, the Public Service Commission for the State of West Virginia approved an experimental rate design in conjunction with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels. Power contract pricing for Grundartangi is variable and based on LME prices.

In 2006, we entered into LME-based, long-term alumina contracts for the supply of alumina to Ravenswood and Mt. Holly beginning in January 2007 and expiring at the end of 2009 and 2013, respectively. These contracts were negotiated during a period of tight supply in the alumina market and as a result, the LME pricing in our new alumina contracts is higher than under the contracts they replaced. Labor agreements with the USWA at our Hawesville and Ravenswood facilities were ratified in 2006 and will expire in 2010 and 2009, respectively.

Recent Developments

Proposed Helguvik Smelter

We intend to use the net proceeds from the sale of our common stock in this offering primarily as partial funding for the construction of a greenfield aluminum smelter near Helguvik, Iceland. We will also need to arrange additional third-party debt for this project, in addition to using current cash flows. This smelter would be located approximately 30 miles from the city of Reykjavik and would be operated through our Nordural subsidiary. The site is adjacent to a longstanding U.S. Department of Defense base, which was recently closed, causing the loss of 700 direct jobs and over 1,000 additional related jobs. This site provides a flat location and existing harbor, as well as proximity to the capital and other industry. To date, we have signed a harbor agreement, site agreement and an agreement to grant, as required, the necessary construction licenses and permits and terms regarding principles of taxation, with the Reykjanesbaer Municipal Council, the Gardur Municipal Council and the Reykjanes Harbour Board. In addition, we have signed a contract to purchase electrical energy from one of the major Icelandic geothermal power producers; we are negotiating a contract with the other geothermal producer under a memorandum of understanding signed in 2006. The contract is subject to the satisfaction of certain conditions, approvals by the boards of directors of the power companies, environmental agency approval and the construction of the new facility. The first phase of construction is currently being planned based on the anticipated availability of up to 250 MW of power in 2010, corresponding to a production capacity of about 150,000 mtpy. An additional 185 MW is expected to become available by 2015 which would allow us to increase the Helguvik project s capacity to approximately 250,000 mtpy. Successful completion of the Helguvik project is subject to risks as described under Risk Factors on page S-9 above. Proceeds not used for the Helguvik project may also be used for general corporate purposes, including capital expenditures. See Use of Proceeds on page S-19.

Grundartangi Expansion Schedule Accelerated

In April 2006, we announced an acceleration in the further expansion of our Grundartangi facility from 220,000 mtpy to 260,000 mtpy. The construction of the expansion is expected to be completed in the fourth quarter of 2007. We had previously announced that OR had agreed to deliver the power for the additional expansion by late 2008. Landsvirkjun, Iceland s national power company, has agreed to deliver power for the additional capacity on an interim basis as available until power is available from OR in late 2008. If Landsvirkjun is not able to deliver power on a short-term basis, we will need to enter into alternative arrangements for provision of power. On April 30, 2007, Grundartangi and Glencore entered into a toll conversion agreement for the additional 40,000 mtpy of expansion capacity which commences when the expansion capacity is operational.

Republic of the Congo Aluminum Venture Memorandum of Understanding Signed

In February 2007, we signed an MOU with the Republic of Congo (ROC) in West Africa in connection with the exclusive right granted to us to develop an integrated aluminum business in the ROC consisting of an aluminum smelter, an alumina refinery and a bauxite mine. The project contemplated by the MOU is in the early stages of feasibility study and review and is subject to the results of that study and review, the negotiation of definitive contracts, and the satisfaction of various conditions.

The ROC port area of Pointe-Noire has been identified as a potential site for the aluminum smelter and alumina refinery. The location of the bauxite mine is dependent upon a future assessment and mapping of the ROC bauxite reserves. The project contemplated by the MOU is based on the Government of ROC assisting us to secure the provision of a minimum annual commitment of 500 MW of gas-generated electrical energy to the facility.

Joint Venture with Minmetals Aluminum Co. Ltd.

In April 2006, we entered into a joint venture agreement with Minmetals Aluminum Co. Ltd. to explore the potential of developing a bauxite mine and associated 1.5 million mtpy alumina refining facility in Jamaica.

The first stage of the project, a pre-feasibility stage, will assess the quality and quantity of bauxite reserves. This stage is expected to take up to 18 months. If this stage is successful, a full feasibility study would follow. The parties estimate that the mine and alumina refinery could be operational within three years following the successful completion of the full feasibility study.

Key Long-Term Contracts

Primary Aluminum Sales Contracts

We routinely enter into market priced contracts for the sale of primary aluminum. A summary of Century s long-term primary aluminum sales contracts is provided below.

Contract	Customer	Volume	Term	Pricing
Alcan Metal Agreement	Alcan	276 to 324 million pounds per year	Through July 31, 2007	Variable, based on U.S. Midwest market
Glencore Metal Agreement I(1)	Glencore	50,000 mtpy	Through December 31, 2009	Variable, LME-based
Glencore Metal Agreement II(2)	Glencore	20,400 mtpy	Through December 31, 2013	Variable, based on U.S. Midwest market
Southwire Metal Agreement	Southwire	240 million pounds per year (high purity molten aluminum)	Through March 31, 2011(3)	Variable, based on U.S. Midwest market
		60 million pounds per year (standard-grade molten aluminum)	Through December 31, 2010(3)	Variable, based on U.S. Midwest market
		48 million pounds per year (standard-grade molten aluminum)	Through December 31, 2007	Variable, based on U.S. Midwest market

(1) We account for the Glencore Metal Agreement I as a derivative instrument under SFAS No. 133. We have not designated the Glencore Metal Agreement I as normal because it replaced and substituted for a significant portion of a sales contract which did not qualify for this designation. Because the Glencore Metal Agreement I is

variably priced, we do not expect significant variability in its fair value, other than changes that might result from the absence of the U.S. Midwest premium.

(2) We account for the Glencore Metal Agreement II as a derivative instrument under SFAS No. 133. Under the Glencore Metal Agreement II, pricing is based on then-current market prices, adjusted by a negotiated U.S. Midwest premium with a cap and a floor as applied to the current U.S. Midwest premium.

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

Tolling Contracts

Contract	Customer	Volume	Term	Pricing
Billiton Tolling Agreement(1)(4)	BHP Billiton	130,000 mtpy	Through December 2013	LME-based
Glencore Tolling Agreement(2)(3)(4)	Glencore	90,000 mtpy	Through July 2016	LME-based
Glencore Tolling Agreement(4)	Glencore	40,000 mtpy	Through December 2014	LME-based

(1) In September 2005, Nordural and BHP Billiton amended the Billiton Tolling Agreement to increase the tolling arrangement from 90,000 mtpy to 130,000 mtpy of the annual production capacity at Grundartangi effective upon the completion of the expansion to 220,000 mtpy.

(2) Nordural entered into a 10-year LME-based alumina tolling agreement with Glencore for 90,000 mtpy of the expansion capacity at Grundartangi. Deliveries under this agreement started in July 2006.

(3) In December 2005, Glencore assigned 50% of its tolling rights under this agreement for the period 2007 to 2010. Nordural consented to the assignment.

(4) Grundartangi s tolling revenues include a premium based on the EU import duty for primary aluminum. In May 2007, the EU members reduced the import duty for primary aluminum from six percent to three percent and agreed to review the new duty after three years. Decreases in the EU import duty have a negative impact on Grundartangi s revenues.

Key Long-Term Supply Agreements

Alumina Supply Agreements

A summary of our alumina supply agreements is provided below. Nordural toll converts alumina provided by BHP Billiton, Hydro and Glencore.

Facility	Supplier	Term	Pricing
Mt. Holly	Glencore	Through January 31, 2008 (46% of requirements)	Variable, LME-based
Mt. Holly(1)	Trafigura	January 1, 2007 through December 31, 2013	Variable, LME-based
Hawesville	Gramercy Alumina	Through December 31, 2010	Variable, Cost-based
Ravenswood	Glencore	January 1, 2007 through December 31, 2009	Variable, LME-based

(1) The alumina supply contract with Trafigura will provide Century with 125,000 mtpy in 2007 and 220,000 mtpy in 2008 through 2013.

Table of Contents

Electrical Power Supply Agreements

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

Facility	**Supplier**	**Term**	**Pricing**
Ravenswood(1)(2)	Appalachian Power Company	Through June 30, 2009	Based on published tariff, with provisions for a reduction in pricing based on the LME price for primary aluminum
Mt. Holly	South Carolina Public Service Authority	Through December 31, 2015	Fixed price, with fuel cost adjustment clause through 2010; subject to a new fixed price schedule after 2010
Hawesville	Kenergy	Through December 31, 2010	Fixed price through 2010 (approximately 73% of Hawesville s requirement)
Grundartangi(3)	Landsvirkjun	Through 2019	Variable rate based on the LME price for primary aluminum
Grundartangi(4)	Hitaveita Sudurnesja	Through 2026-2028	Variable rate based on the LME price for primary aluminum
Grundartangi(4)	Orkuveita Reykjavikur	Through 2026-2028	Variable rate based on the LME price for primary aluminum

(1) Appalachian Power supplies all of Ravenswood s power requirements. After December 31, 2007, Ravenswood may terminate the agreement by providing 12 months notice of termination. Effective July 28, 2006, the Public Service Commission of the State of West Virginia approved an experimental rate design in connection with an increase in the applicable tariff rates. Under the experimental rate, Ravenswood may be excused from or may defer the payment of the increase in the tariff rate if aluminum prices as quoted on the LME fall below pre-determined levels.

(2) This contract contains LME-based pricing provisions that are considered an embedded derivative. The embedded derivative does not qualify for cash flow hedge treatment and is marked to market quarterly. Gains and losses on the embedded derivative are included in the Net gain (loss) on forward contracts in the Consolidated Statement of Operations.

(3) In April 2006, we announced an expansion of the Grundartangi facility from 220,000 mtpy to 260,000 mtpy which is expected to be completed in the fourth quarter of 2007. OR has agreed to deliver the power for the additional expansion capacity by late 2008. Landsvirkjun has agreed to deliver power for the additional capacity on an interim basis as available until power is available from OR in late 2008.

(4) The power agreement for the power requirements for the expansion to 220,000 mtpy is through 2026. The term of the power agreement for the expansion to 260,000 mtpy is until 2028.

Labor Agreements

Our labor costs at Ravenswood and Hawesville are subject to the terms of labor contracts which generally have provisions for annual fixed increases in hourly wages and benefits adjustments. The five labor unions represented at Grundartangi operate under a labor contract that establishes wages and work rules for covered employees. The employees at Mt. Holly are employed by Alcoa and are not unionized. A summary of key labor agreements is provided below.

Facility	Organization	Term
Hawesville	USWA	Through March 31, 2010
Ravenswood	USWA	Through May 31, 2009
Grundartangi	Icelandic labor unions	Through December 31, 2009
Gramercy	USWA	Through September 30, 2010
St. Ann	Jamaican labor unions	Through April 30, 2007(1)

(1) St. Ann has two labor unions, the University and Allied Workers Union (the UAWU) and the Union of Technical and Supervisory Personnel (the UTASP). The UAWU labor agreement expired on April 30, 2007. On February 14, 2006, the UTASP agreed to a labor contract that will expre on December 31, 2007. Consistent with Jamaican labor union practice, we expect that negotiations for labor contracts to replace these contracts will commence following expiration of these contracts.

Application of Critical Accounting Policies

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

Pension and Other Postemployment Benefit Liabilities

We sponsor various pension plans and also participate in a union sponsored multi-employer pension plan for the collective bargaining unit employees at Hawesville. The liabilities and annual income or expense of our pension and other postemployment benefit plans are determined using methodologies that involve several actuarial assumptions, the most significant of which are the discount rate and the long-term rate of asset return.

In developing our expected long-term rate of return assumption for pension fund assets, we evaluated input from our actuaries, including their review of asset class return expectations as well as long-term inflation assumptions. Projected returns are based on historical returns of broad equity and bond indices. We also considered our historical 10-year compound returns. We anticipate that our pension investments will generate long-term rates of return of 9.0%. Our expected long-term rate of return is based on an assumed asset allocation of 65% equity funds and 35% fixed-income funds.

Discount Rate Selection

It is our policy to select a discount rate for purposes of measuring obligations under the pension and retiree medical plans by matching cash flows separately for each plan to yields on zero coupon bonds. We use the Citigroup Pension Liability Index for determining these yields.

The Citigroup Pension Liability Index was specifically developed to meet the criteria set forth in paragraph 186 of Statement of Financial Accounting Standards (SFAS) No. 106, Employers Accounting for Postretirement Benefits

Other than Pensions. The published information at the end of each calendar month includes spot rate yields (zero coupon bond yield estimates) in half year increments for use in tailoring a discount rate to a particular plan s projected benefit cash flows. The Citigroup Pension Liability Index rate represents the discount rate developed from these spot rate yields, based on the pattern and duration of the benefit payments of a typical, large, somewhat mature pension plan.

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

Therefore, as of December 31, 2006, Century selected a discount rate of 5.75% for all of the pension and post-employment benefit plans and 5.25% for our workers compensation plans.

Although the duration of the Supplemental Executive Retirement Benefits Plan (SERB) is slightly shorter than our other pension plans, Century will also use a 5.75% discount rate for this plan, because we do not believe that the difference in duration is significant, and because the obligations of the SERB are small in comparison to the other plans, we believe that the disclosure of a single rate that was used for the majority of the obligations will enhance the reader s understanding of the employee benefit footnote, rather than a weighted average rate that may complicate any determinations the reader may have.

Lowering the expected long-term rate of return by 0.5% (from 9.0% to 8.5%) would have increased our pension expense for the year ended December 31, 2006 by approximately $0.3 million. Lowering the discount rate assumptions by 0.5% would have increased our pension expense for the year ended December 31, 2006 by approximately $0.4 million.

Century provides postemployment benefit plans that provide health care and life insurance benefits for substantially all retired employees of our U.S. based operations. SFAS No. 106 requires the accrual of the estimated cost of providing postretirement benefits during the working careers of those employees who could become eligible for such benefits when they retire. We fund these benefits as the retirees submit claims.

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

Century assumes medical inflation is initially 10%, declining to 5% over six years and thereafter. A one-percentage-point change in the assumed health care cost trend rates would have the following effects in 2007:

	One Percentage Point Increase	One Percentage Point Decrease
	(In thousands)	
Effect on total service and interest cost components	$ 3,786	$ (2,808)
Effect on accumulated post-retirement benefit obligation	$ 38,024	$ (30,417)

Forward Delivery Contracts and Financial Instruments

Estimating the fair value of certain of our forward financial and physical delivery contracts requires us to make assumptions about future market prices of primary aluminum and the U.S. Midwest premium. We routinely enter into market priced physical and fixed-priced financial contracts for the sale of primary aluminum and the purchase of raw materials in future periods. We apply the provisions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, in accounting for these types of contracts. We have fixed price financial contracts for the sale of primary aluminum with settlement dates through 2015, but the LME futures quotes run through 2012. Determining the fair value of these forward contracts requires us to make certain assumptions about future market prices of primary aluminum beyond the quoted future market prices in 2012. In addition, our Glencore Metal Agreement II forward physical sales contract is accounted for as a derivative and contains pricing provisions based on the U.S. Midwest market price of primary aluminum. Because there is no quoted futures market price for the U.S. Midwest premium component of the market price for primary aluminum, it is necessary for us to estimate the U.S. Midwest premium for future periods. For those physical delivery contracts which management believes are probable of future delivery, such contracts are classified as normal purchases and normal sales and are not accounted for as derivatives.

The aluminum-based financial and physical delivery contracts that are derivatives and do not qualify for the normal purchases and normal sales exception, as provided for in current accounting standards, are marked-to-market using the LME spot and forward market for primary aluminum. For derivative contracts extending beyond the quoted LME market periods, we estimate the forward LME market price beyond the quoted periods based upon market price trends in the final months of the quoted LME market. We estimate the U.S. Midwest premium by using third party expectations for future U.S. Midwest premiums, when available. Third-party estimates rarely extend beyond 24 months. For periods beyond the third-party information, we estimate the U.S. Midwest premium by using its 10-year rolling average. Fluctuations in the LME price of primary aluminum and U.S. Midwest premium have a significant impact on gains and losses included in our financial statements from period to period. Unrealized gains and losses are either included in Other comprehensive income (loss) (for cash flow hedges) or Net gain (loss) on forward contracts (for derivative instruments), depending on criteria as provided for in the accounting standards.

The forward natural gas purchase contracts are marked-to-market using the NYMEX spot and forward market for natural gas. Fluctuations in the NYMEX price of natural gas can have an impact on Other comprehensive income in our financial statements from period to period. We have designated these forward contracts as cash flow hedges for forecasted natural gas transactions in accordance with the provisions of SFAS No. 133 (as amended). We assess the effectiveness of these cash flow hedges quarterly. The effective portion of the gains and losses are recorded in Other comprehensive income (loss) and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss is reported in earnings immediately.

The principal contracts affected by these standards and the resulting effects on the financial statements are described in Note 13 to the Audited Consolidated Financial Statements included herein.

Results of Operations

The following table sets forth, for the periods indicated, the percentage relationship to net sales of certain items included in our Statements of Operations. The following table includes the results from Nordural since our acquisition of it in April 2004 and the results from our interest in the Gramercy assets since its acquisition in October 2004.

	Percentage of Net Sales				
	Three Months Ended March 31,		Year Ended December 31,		
	2007	2006	2006	2005	2004
	(Unaudited)				
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	(75.3)	(78.0)	(77.6)	(85.7)	(82.5)
Gross profit	24.7	22.0	22.4	14.3	17.5
Selling, general and administrative expenses	(2.9)	(3.5)	(2.5)	(3.1)	(2.4)
Operating income	21.8	18.5	19.9	11.2	15.1
Interest expense	(2.4)	(2.0)	(2.4)	(2.3)	(3.8)
Interest income	0.4	0.1	0.1	0.1	0.1
Loss on early extinguishment of debt				(0.1)	(4.5)

Other income (expense) net			0.4		(0.1)
Net gain (loss) on forward contracts	0.1	(82.7)	(25.0)	(27.2)	(2.0)
Income (loss) before income taxes and equity in earnings of joint ventures	19.9	(66.0)	(7.0)	(18.3)	4.8
Income tax benefit (expense)	(6.3)	24.3	3.3	7.1	(1.7)
Income (loss) before equity in earnings of joint ventures	13.6	(41.7)	(3.7)	(11.2)	3.1
Equity in earnings of joint ventures	0.8	0.9	1.1	0.9	0.1