CENTURY ALUMINUM CO
Form 424B5
March 29, 2004

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-113667.

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.

SUBJECT TO COMPLETION, DATED MARCH 29, 2004

PRELIMINARY PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MARCH 25, 2004

9,000,000 Shares

Common Stock

Century Aluminum Company is offering 8,500,000 shares of its common stock. The selling shareholders are offering in the aggregate 500,000 shares. Century Aluminum Company will not receive any proceeds from the sale of shares by the selling shareholders.

Our common stock trades on The NASDAQ Stock Market® under the symbol CENX. On March 26, 2004, the reported last sale price of our common stock was $28.87 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-10 of this prospectus supplement.

We have granted the underwriters the right to purchase up to an additional 1,350,000 shares from us to cover over-allotments.

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

Delivery of the shares of common stock will be made on or about , 2004.

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.

Credit Suisse First Boston **Morgan Stanley**

Bear, Stearns & Co. Inc. **JPMorgan**

The date of this prospectus supplement is , 2004.

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You should rely only on the information contained in this document or to which we have referred you. Neither we nor the selling shareholders have authorized anyone to provide you with information that is different. We and the selling shareholders are offering to sell shares of our common stock only, and this document does not constitute an offer to sell, or the solicitation of any offer to buy, any securities other than the securities to which it relates. Neither we nor the selling shareholders are making an offer to sell our common stock in any jurisdiction where the offer or sale is not permitted, and this document may only be used where it is legal to sell these securities.

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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, 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. See Incorporation of Certain Documents by Reference of this prospectus supplement.

This prospectus supplement contains specific details regarding this offering and the accompanying prospectus contains information about our securities generally, some of which does not apply to this offering. This prospectus supplement may add, update or change information in the accompanying prospectus. To the extent that there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference in the accompanying prospectus, on the other hand, the information contained in this prospectus supplement shall control. The information contained in this document is current only as of the date of this document.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary highlights information contained elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. This summary is qualified in its entirety by reference to, and should be read together with, the more detailed information and financial statements included elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. You should carefully consider, among other things, the matters discussed under Risk Factors included elsewhere in this prospectus supplement. In this prospectus supplement: (1) the words Century Aluminum, we, us, our and ours refer to Century Aluminum Company, together with its consolidated subsidiaries; (2) references to the Nordural acquisition shall mean all of the transactions related to our planned acquisition of Nordural hf, which owns and operates the Nordural facility, as described in The Planned Nordural Acquisition of this prospectus supplement; (3) pro forma shall mean, at any date or for any period, giving pro forma effect to the transactions referred to in Unaudited Pro Forma Consolidated Financial Data included elsewhere in this prospectus supplement, including the Nordural acquisition and our issuance and sale of common stock in this offering, as of that date or at the beginning of the specified period; and (4) EBITDA is defined as net income (loss) plus income tax expense, interest expense and depreciation and amortization. For a discussion of EBITDA and a reconciliation of EBITDA to net income (loss), see Note 4 to Summary Financial and Other Data of Century Aluminum included elsewhere in this prospectus supplement summary.

Century Aluminum Company

Overview

We are a leading North American producer of primary aluminum. Our facilities produce value-added and standard-grade primary aluminum products. We are the second largest primary aluminum producer in the United States, behind Alcoa Inc., having produced over 1.1 billion pounds in 2003 with net sales of $782.5 million. With the consummation of the planned Nordural acquisition, as described below, we would have our first facility located outside of the United States and an annual production capacity of approximately 1.4 billion pounds of primary aluminum, with pro forma net income of $17.3 million, and EBITDA of $135.7 million for the year ended December 31, 2003.

We currently own:

- the Hawesville facility, located in Hawesville, Kentucky, which began operations in 1970 and has an annual production capacity of 538 million pounds of primary aluminum;
- the Ravenswood facility, located in Ravenswood, West Virginia, which began operations in 1957 and has an annual production capacity of 375 million pounds of primary aluminum; and
- a 49.7% ownership interest in the Mt. Holly facility, located in Mt. Holly, South Carolina, which began operations in 1980 and contributes 243 million pounds to our overall annual production capacity.

Our strategic objectives are to grow our aluminum business by pursuing opportunities to acquire primary aluminum reduction facilities that offer favorable investment returns and lower our per unit production costs, diversifying our geographic presence, and pursuing opportunities in bauxite mining and alumina refining. To date, our growth activities have been concentrated in acquiring primary aluminum assets. Toward this objective, we:

- acquired an additional 23% interest in the Mt. Holly facility in April 2000;
- acquired an 80% interest in the Hawesville facility in April 2001; and
- acquired the remaining 20% interest in the Hawesville facility in April 2003.

If we complete the planned Nordural acquisition, we will further lower our average per unit production costs. In addition, our annual primary aluminum production capacity of approximately

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1.4 billion pounds in 2004 would be 849 million pounds higher than our capacity at the end of 1999, representing a compound annual growth rate of 22%.

The Planned Nordural Acquisition

On March 28, 2004, we entered into an amended and restated stock purchase agreement with Columbia Ventures Corporation to acquire 100% of the outstanding equity shares of its wholly-owned subsidiary, Nordural hf. The purchase price for the shares is $150.0 million plus cash at December 31, 2003 and related adjustments totaling $13.2 million, subject to further purchase price adjustments. The agreement also provides for a contingent payment of up to $25 million to Columbia Ventures based on the completion of certain events related to a planned expansion of the Nordural facility, which may be payable as early as the closing of the acquisition.

Nordural is an Icelandic company that owns and operates the Nordural facility, a primary aluminum reduction facility located in Grundartangi, Iceland, approximately 25 miles northwest of Reykjavik, Iceland s capital. The Nordural facility, built in 1998, would be our most recently constructed and lowest cost facility. It currently has an annual production capacity of approximately 198 million pounds, which would increase to approximately 397 million pounds upon completion of the planned expansion of the Nordural facility. We believe that Nordural is an attractive investment opportunity because it has:

- a long-term tolling agreement with a subsidiary of BHP Billiton Ltd. under which Nordural converts alumina into primary aluminum for a fee that is based on the London Metals Exchange, or LME, price for primary aluminum;
- no sales, marketing and distribution costs and no exposure to increases in the price of alumina through its tolling agreement with BHP Billiton, which covers virtually all of Nordural s current production;
- a long-term contract for competitively-priced power, priced as a percentage of the LME price for primary aluminum, sourced from hydroelectric facilities; and
- the benefits afforded by Iceland s ability to export primary aluminum to markets in the European Union on a duty-free basis.

The Nordural acquisition is expected to close after the closing of this offering, subject to the satisfaction of certain closing conditions, including our completion of this offering and the receipt by Columbia Ventures and Nordural of certain contractual consents. See The Planned Nordural Acquisition beginning on page S-22. If we do not consummate the planned Nordural acquisition, or the planned expansion of the Nordural facility does not occur, our management will have broad discretion over the use of the proceeds of this offering which are allocated for those purposes. See Risk Factors The Nordural acquisition and the planned expansion of the Nordural facility are both subject to certain conditions.

Recent Trends in the Primary Aluminum Industry

The primary aluminum industry is currently experiencing a period of strong prices based on favorable production and consumption trends. Spot aluminum prices, as quoted on the LME, averaged $0.75 per pound in the year to date and remain above the five and ten-year averages. We believe that the current strong pricing environment is due to factors that include:

- strengthening global demand for aluminum driven by the global economic recovery and strong demand growth in China;
- a tight market for alumina, the major raw material input for aluminum, that has resulted in a rapid escalation of alumina prices globally; and
- the weakening of the U.S. dollar.

Global demand for aluminum increased approximately 7.7% to 60.0 billion pounds in 2003. Global aluminum supply has kept pace with this increase in consumption as global aluminum production increased 7.1% in 2003 to 61.5 billion pounds.

Competitive Strengths

Our key competitive strengths are:

Focus on Upstream Production. We currently operate exclusively in the production of primary aluminum and may, in the future, acquire assets engaged in bauxite mining and alumina refining. By operating solely in upstream production, we are better able to focus our resources, minimize overhead costs and avoid exposure to fluctuations in demand in any single end-use market.

Long-Term Customer Contracts. We have competitive long-term contracts with our major customers to sell a significant portion of our production. These contracts reduce our marketing costs and provide a stable source of demand. In 2004, on a pro forma basis, we will have long-term contracts to sell approximately 70% of our production at prices primarily based on the LME or U.S. Midwest market price for primary aluminum. Beginning in 2005, all of the primary aluminum we deliver under these long-term contracts will be sold at prices based on the LME or U.S. Midwest market price for primary aluminum.

Proximity to Major Customers. Our Hawesville and Ravenswood facilities are located adjacent to their principal customers. Under our long-term contracts with these major customers, we are able to deliver molten aluminum, thereby eliminating our casting and shipping costs and our customers remelting costs.

Secure Power Supply. Electricity is our single largest operating cost. Substantially all of the electricity used at our existing facilities will be supplied at affordable rates under long-term contracts, the fixed price portions of which expire at various dates from 2005 through 2010. The Nordural facility purchases power sourced from hydroelectric facilities under a long-term contract at prices based on the LME price for primary aluminum. Power for the Nordural expansion capacity is expected to be sourced from geothermal facilities. Both hydroelectric and geothermal energy are competitively priced and renewable sources of power.

Long-Term Alumina Supply Contracts. Alumina is the principal raw material used to produce primary aluminum. We purchase all of our alumina requirements under long-term contracts at prices linked to the LME price of primary aluminum. These long-term contracts help us maintain our margins and avoid volatility in the spot alumina market. Nordural s tolling agreement with a subsidiary of BHP Billiton for its existing capacity provides it with similar economic benefits. See Risk Factors Changes or disruptions to our current alumina supply arrangements could increase our raw material costs included elsewhere in this prospectus supplement.

High-Purity and Value-Added Products. We produce high-purity and value-added products, including rolling ingot, foundry alloys and extrusion billet, which we sell at a premium to standard-grade products.

Relationship with Glencore. We benefit from our business relationship with our largest shareholder, Glencore International AG, a leading privately-held, diversified natural resources group. Glencore has been an important business partner for us and has assisted in the execution of our growth strategy and metal hedging program. In addition, Glencore is a major customer, which helps us reduce our marketing and distribution costs, and a major alumina supplier, which provides us with a stable and reliable source of raw materials.

Experienced Management Team. Our senior management has an average of over 18 years of experience in the aluminum industry and a demonstrated ability to recognize and respond quickly to strategic opportunities.

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Business Strategy

Our objective is to continue to grow by focusing on the production of primary aluminum and other upstream production opportunities to capitalize on improvements in industry fundamentals. Our strategy for achieving this objective is to:

Become a Larger Upstream Producer in the Aluminum Industry. We believe that by becoming a larger upstream producer we can strengthen our position in the competitive global aluminum industry. We regularly evaluate opportunities to acquire primary aluminum reduction facilities that would lower our average per unit production costs. Since 2000, we have more than doubled our capacity and lowered our average per unit costs without significant increases in corporate overhead. The Nordural acquisition will help us continue to implement our business strategy by increasing our primary aluminum capacity and lowering our average per unit production costs. In addition to primary aluminum, we are actively evaluating opportunities to expand into bauxite mining and alumina production, which we believe are also attractive upstream segments of the aluminum industry.

Diversify our Primary Aluminum Operations. We actively pursue opportunities to acquire primary aluminum production facilities that provide diversification through either their geographic location, product mix or power sources. Through the Hawesville acquisition, we added high-purity aluminum to our product mix, which has a unique market niche that few domestic aluminum producers are able to supply. In addition, the Nordural facility would be our first facility located outside of the United States and our first to use hydroelectric power, a competitively-priced and renewable source of energy.

Enhance Profitability of Production Assets. We seek to further reduce costs at our production facilities by investing in high-return capital improvements, optimizing labor productivity and implementing projects that improve the operating and energy efficiencies of the primary aluminum production process. In addition, we seek to maximize the profitability of our facilities by optimizing our product mix between standard-grade and value-added products.

Other Information

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*. Information contained in our website is not incorporated by reference in, and should not be considered a part of, this prospectus supplement or the accompanying prospectus.

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THE OFFERING

Common stock offered	9,000,000 shares, 8,500,000 of which are being offered by us and 500,000 of which are being offered by the selling shareholders.
Common stock to be outstanding after this offering	31,106,555 shares
Underwriters over-allotment option	1,350,000 shares
Common stock to be outstanding after this offering, assuming exercise of the underwriters over-allotment option in full	32,456,555 shares
Selling shareholders	The selling shareholders are the Century Aluminum Employees Retirement Plan and the Century Aluminum of West Virginia, Inc. Hourly Employees Pension Plan. The common stock being offered by the plans was contributed by us in 2002. The retirement plan, which was formed for the benefit of our salaried employees, and the pension plan, which was formed for the benefit of the hourly employees of Century Aluminum of West Virginia, Inc., hold their assets in trusts formed for the benefit of those employees. See Selling Shareholders included elsewhere in this prospectus supplement.
Use of proceeds	We expect to receive approximately $230 million in net proceeds from this offering, or approximately $267 million if the underwriters exercise their over-allotment option in full. We intend to use: (1) $165.7 million to fund the Nordural acquisition, including $2.5 million in estimated transaction fees and expenses, which is expected to close after the closing of this offering; (2) up to $25.0 million for the contingent payment related to the Nordural expansion; (3) $12.0 million to repay the remaining principal outstanding under a six-year 10% promissory note issued to Glencore; (4) $3.0 million to pay dividends on our convertible preferred stock; and (5) any remaining proceeds for general corporate purposes, which may include financing part of the planned expansion of the Nordural facility and payment of any purchase price adjustments related to the acquisition. If the Nordural acquisition is not consummated, we intend to use the proceeds allocated for the acquisition for working capital and other general corporate purposes, which may include debt reduction or other acquisitions. See Use of Proceeds included elsewhere in this prospectus supplement.
Dividend policy	Since the beginning of the fourth quarter of 2002, we have not declared dividends on our common stock and suspended dividends on our preferred stock to comply with limits on allowable dividend payments contained in the indenture governing our senior secured notes. From April 1996 through the third quarter of 2002, we declared and paid a $0.05 per share quarterly dividend on our common stock.
The NASDAQ Stock Market® symbol	CENX

Risk factors	See the section entitled Risk Factors beginning on page S-10 for a discussion of factors you should consider carefully before deciding to buy our common stock.

The above information is based on the actual number of shares of our common stock which are outstanding as of March 23, 2004, plus 1,395,089 shares to be issued upon conversion of 500,000 shares of our convertible preferred stock which Glencore has notified us it intends to convert upon completion of this offering. The above information does not include 1,547,973 shares reserved for issuance as of March 23, 2004 upon the exercise of outstanding stock options and the vesting of outstanding performance shares and restricted stock awards.

Unless otherwise indicated, the information stated in this prospectus supplement assumes no exercise of the underwriters over-allotment option.

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SUMMARY FINANCIAL AND OTHER DATA OF CENTURY ALUMINUM

The following table presents our summary historical and pro forma consolidated financial and other data for the periods indicated. Our summary historical consolidated financial data is derived from our audited consolidated financial statements included elsewhere in this prospectus supplement. Our summary historical results of operations include:

our 80% interest in the Hawesville facility since we acquired it in April 2001; and

the remaining 20% interest in the Hawesville facility since we acquired it in April 2003.

These historical results do not include results from Nordural which we intend to acquire with a portion of the proceeds from this offering. These results may not be indicative of our future performance.

Our summary pro forma consolidated financial data is derived from Unaudited Pro Forma Consolidated Financial Data and the historical financial statements of Century Aluminum and Nordural which are each included elsewhere in this prospectus supplement. The pro forma consolidated financial data gives pro forma effect to this offering and the use of proceeds to fund the Nordural acquisition, our payment of $12.0 million of principal outstanding under the promissory note payable to Glencore, our payment of $3.0 million of dividends on our convertible preferred stock and other adjustments. The pro forma consolidated financial data has been prepared for illustrative purposes only and does not purport to represent what our results of operations or financial condition would actually have been had the transactions described in Unaudited Pro Forma Consolidated Financial Data in fact occurred as of the dates specified. The information provided below should be read in conjunction with the following, each of which is included elsewhere in this prospectus supplement: (1) our audited consolidated financial statements and accompanying notes, (2) Management s Discussion and Analysis of Financial Condition and Results of Operations, (3) Unaudited Pro Forma Consolidated Financial Data, and (4) the separate audited financial statements and accompanying notes of Nordural.

	Year Ended December 31,			Pro Forma Year Ended December 31,
	2001(1)	2002	2003(2)	2003
	(Dollars in thousands, except per share amounts and operating data)			
Consolidated Statement of Operations Data:				
Total net sales	$654,922	$711,338	$782,479	$883,418
Gross profit	20,708	20,061	48,038	75,156
Operating income	2,110	4,278	27,205	53,765
Net income (loss) before preferred dividends	(13,702)	(18,608)	966	17,295
Common Share Data(3):				
Earnings (loss) per share:				
Basic	$ (0.74)	$ (1.00)	$ (0.05)	$ 0.52
Diluted	(0.74)	(1.00)	(0.05)	0.52
Weighted average common shares outstanding (in thousands):				
Basic	20,473	20,555	21,073	29,573
Diluted	20,473	20,555	21,099	29,599

	Year Ended December 31, 2001(1)	2002	2003(2)	Pro Forma Year Ended December 31, 2003
	(Dollars in thousands, except per share amounts and operating data)			
Other Data:				
Capital expenditures	$ 14,456	$ 18,427	$ 18,858	$ 19,690
EBITDA(4)	53,762	64,734	98,919	135,743
Net cash provided by operating activities	38,623	54,486	87,379	
Net cash used in investing activities	(382,245)	(18,196)	(78,695)	
Net cash (used in) provided by financing activities	324,048	(4,586)	(25,572)	
Operating Data:				
Shipments (millions of pounds):				
Primary	918	1,049	1,127	1,127
Tolling				199
Average Century Aluminum realized price ($/lb):				
Primary	$ 0.71	$ 0.68	$ 0.69	$ 0.69
Tolling				0.51
Average LME price ($/lb)	0.66	0.61	0.65	0.65
Consolidated Balance Sheet Data (at period end):				
Total assets	$ 776,706	$765,167	$810,326	$1,230,389
Total liabilities	535,604	554,369	622,629	815,297
Total shareholders equity	217,185	192,132	187,697	415,092

(1) Effective April 1, 2001, we purchased the Hawesville facility from Southwire. Simultaneously, we effectively sold a 20% interest in the Hawesville facility to Glencore. Accordingly, the results of operations following that date reflect the increased production which resulted from our 80% interest. Similarly, balance sheet data as of and following December 31, 2001 includes assets and liabilities related to our 80% interest in the Hawesville facility.

(2) On April 1, 2003, we acquired the remaining 20% interest in the Hawesville facility. Accordingly, the results of operations following that date reflect the increased production which resulted from our additional 20% interest in the Hawesville facility. Similarly, balance sheet data as of December 31, 2003 includes assets and liabilities related to our additional 20% interest in the Hawesville facility.

(3) Pro forma share data does not give effect to the conversion of our convertible preferred stock to common stock, which we expect to occur concurrently with the closing of this offering. As further adjusted for such conversion, pro forma earnings per share for 2003 would be $0.56 on a basic and diluted basis.

(4) EBITDA is defined as net income (loss) plus income taxes, interest expense and depreciation and amortization. EBITDA is not a calculation based upon generally accepted accounting principles, or GAAP. The amounts included in the EBITDA calculation, however, are derived from amounts included in the consolidated statement of operations data. In addition, EBITDA should not be considered as an alternative to net income as an indicator of our operating performance, or as an alternative to operating cash flows as a measure of liquidity. We believe EBITDA helps management and investors compare a company s performance on a consistent basis without regard to interest expense, taxes or depreciation and amortization, which can vary significantly depending upon many factors. You should be aware, however, that the EBITDA measure presented in this prospectus supplement may not be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

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The following table reconciles EBITDA to net income, which we believe is the most directly comparable GAAP financial measure:

	Year Ended December 31,			Pro Forma Year Ended December 31,
	2001	2002	2003(1)	2003(1)
	(Dollars in thousands)			
Net income (loss) before preferred dividends	$(13,702)	$(18,608)	$ 966	$ 17,295
Income tax expense (benefit)	(8,534)	(14,126)	2,841	11,634
Interest expense	31,565	40,813	43,848	48,349
Depreciation and amortization	44,433	56,655	51,264	58,465
EBITDA	$ 53,762	$ 64,734	$98,919	$135,743

(1) Includes a charge of $5.9 million for a cumulative effect of change in accounting principle.

RISK FACTORS

In addition to the other information included, or incorporated by reference, in this prospectus supplement and the accompanying prospectus, you should carefully consider the risks described below before making an investment. If any of the events described in the risks below actually occur, it may be difficult for us to achieve our profitability and growth goals, which could adversely affect the value of your investment in our common stock.

Risks Relating to our Business

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

Our operating results depend on the market for primary aluminum, which is a cyclical commodity affected by global demand and supply conditions. Historically, global demand and prices for primary aluminum have fluctuated in part due to economic and market conditions, including currency fluctuations, in the United States and other major global economies. The relative pricing of other materials, such as steel, plastic and glass, which are used as alternatives for aluminum in some applications, also affects demand for aluminum. Certain aluminum end-use markets, including the automotive sector and the building and construction sector, are also cyclical. When downturns occur in these sectors, demand for primary aluminum decreases resulting in lower prices for our products. See The Aluminum Industry included elsewhere in this prospectus supplement. Over the past twenty years, the average annual cash price for transactions on the LME was $0.68 per pound and has ranged from a low of $0.47 per pound in 1985 to a high of $1.15 per pound in 1988. The average LME price was $0.65 per pound for the year ended December 31, 2003. Primary aluminum prices could decline below current levels, reducing our earnings and cash flows. A prolonged downturn in prices for primary aluminum could significantly reduce the amount of cash available to us to meet our current obligations and fund our long-term business strategies.

Conversely, if prices for primary aluminum increase, certain of our hedging transactions, including our LME-based alumina contracts, may limit our ability to take advantage of the increased prices. See Business Pricing and Risk Management included elsewhere in this prospectus supplement.

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.

As of December 31, 2003, we had $344.1 million of debt and, based on the borrowing base as of that date, we would have been able to incur up to $68.1 million of additional indebtedness under our revolving credit facility, subject to customary borrowing conditions. In addition, subject to the restrictions contained in our revolving credit facility and the indenture governing the senior secured notes, we may incur significant additional debt from time to time.

During the year ended December 31, 2003, we paid $41.3 million to meet our aggregate annual debt service requirements, including $38.2 million related to the senior secured notes. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources included elsewhere in this prospectus supplement.

Nordural, which we intend to acquire with a portion of the proceeds from this offering, had approximately $190 million of debt at December 31, 2003 and plans to incur additional debt over the next several years to fund an expansion of the Nordural facility. Nordural s annual debt service requirements vary, as amounts outstanding under its senior term loan facility bear interest at a variable rate. In addition, a substantial portion of its current debt is comprised of project finance debt, which requires additional principal repayments as available cash flow increases. During the year ended December 31, 2003, Nordural paid $19.4 million in debt service.

The level of our indebtedness could have important consequences to you. For example, it could:

- limit 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;
- increase our vulnerability to adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, competitive and other changes in our business and the industry in which we operate;
- place us at a disadvantage compared to our competitors who may have less debt and greater operating and financing flexibility than we do; and
- limit our ability to borrow additional funds, which may prevent us from pursuing favorable acquisition opportunities when they arise.

If we complete the planned Nordural acquisition, we may also be exposed to risks of interest rate increases, because we will be responsible for the existing debt Nordural will retain after closing, substantially all of which currently bears interest at a floating rate. In addition, Nordural could use variable rate financing to fund a portion of the costs of the planned expansion of the Nordural facility.

In addition to our indebtedness, we have liabilities and other obligations which could reduce cash available for other purposes and limit our ability to pursue our growth strategy. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Contractual Obligations included elsewhere in this prospectus supplement.

Restrictive covenants in our indenture and revolving credit facility limit our ability to incur additional debt, pay dividends and pursue our growth strategy.

The indenture governing the senior secured notes and our revolving credit facility 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. Any failure to comply with those covenants may constitute a breach under the indenture or the revolving credit facility, 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 those amounts upon acceleration. Our senior secured notes are secured by a substantial portion of the assets comprising our Ravenswood and Hawesville facilities and all our inventory and accounts receivable have been pledged to secure borrowings under our revolving credit facility. If the secured lenders compel the sale of those assets or our company is liquidated for any other reason, our secured lenders would have to be repaid before proceeds from the sale of those assets would be available to repay our unsecured creditors and for distribution to our equity holders.

We will require a waiver or amendment of our revolving credit facility to complete the Nordural acquisition. We do not expect that we will require an amendment to our indenture to permit the acquisition. We intend to treat Nordural as an unrestricted subsidiary under the indenture that would not be subject to the covenants.

Nordural has a senior term loan facility that contains covenants, including financial and customary project finance covenants, that restrict the way Nordural conducts its business. If we complete the Nordural acquisition, these covenants will limit Nordural s ability to pay dividends to us, incur debt and engage in transactions such as acquisitions. If Nordural is unable to comply with these covenants, the lenders would be able to cancel commitments under Nordural s loan facility, 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. All of Nordural s shares and assets have been pledged to secure its obligations under the loan facility. We intend to obtain additional financing for Nordural to facilitate its expansion, the terms of which have not yet been determined. The restrictions imposed by such additional financing may be materially more restrictive than those contained in Nordural s existing loan facility.

Based on the restrictions in Nordural s existing debt instruments and its need for cash to finance its expansion and operations, we do not currently anticipate that Nordural will distribute any cash to us until the expansion is complete.

We have reduced our casting and shipping costs by selling molten aluminum to major customers located adjacent to our Ravenswood and Hawesville facilities; the loss of one of these major customers would increase our production costs at those facilities.

We derived a combined total of 51% of our consolidated net sales for 2003 from Pechiney, S.A. and Southwire Company. Pechiney s facility is located adjacent to our Ravenswood facility and Southwire s facility is located adjacent to our Hawesville facility. Due to this proximity, we are able to deliver molten aluminum to these customers, thereby eliminating our casting and shipping costs and our customers remelting costs. We have long-term contracts with Pechiney and Southwire which are due to expire at various times from 2005 through 2011. Pechiney has the right to reduce its purchases from us by 50%, upon twelve months notice, and Southwire has the right to reduce its purchases from us by 20% beginning in 2009. These contracts also include customary termination provisions that could result in their early termination and 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 from us, we will incur higher casting and shipping costs. Alcan has agreed with the U.S. Department of Justice to sell the Pechiney rolling mill that purchases molten aluminum from our Ravenswood facility in connection with its merger with Pechiney. While any buyer of the rolling mill would be expected to assume Pechiney s obligations under our existing contract with Pechiney, we may require different terms or terminate that contract if the buyer is not deemed to be creditworthy.

A material change in our relationship with Glencore could affect how we purchase raw materials, sell our products and hedge our exposure to metal price risk.

We benefit from our relationship with Glencore, our largest shareholder. We have entered into various long-term contracts with Glencore to sell 13.4% of our annual primary aluminum production and to purchase 53.5% of our annual alumina requirements under contracts expiring at various dates from 2006 through 2013. See Business Facilities and Business Sales and Distribution included elsewhere in this prospectus supplement. We also enter into forward sales and hedging contracts with Glencore, which help us manage our exposure to fluctuating aluminum prices. Because Glencore is a major customer, supplier and metal hedge counterparty, a material change in our relationship with Glencore, including any significant change in its investment in our company, could affect how we purchase raw materials, sell our products and hedge our exposure to metal price risk, which could impact our operating costs.

Glencore owns a large percentage of our common stock and can influence matters requiring shareholder approval.

After this offering and the conversion of the convertible preferred stock, Glencore will own % of our outstanding common stock. As a result of Glencore s significant ownership of our common stock, Glencore has the ability to influence the outcome of matters requiring shareholder approval, including delaying or preventing a change in control. Willy R. Strothotte, the chairman of Glencore s board of directors, serves as one of our eight directors. Craig A. Davis, our chairman and chief executive officer, is also a Glencore director. As a result of their service to us in their respective positions, Messrs. Strothotte and Davis have the ability to influence our management.

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

We may incur losses due to a temporary or prolonged interruption of the supply of electrical power to our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events. We use large amounts of electricity to produce primary aluminum, and any loss of power which causes an equipment shutdown can result in the hardening or freezing of molten aluminum in the pots where it is produced. If this occurs, we may experience significant losses if the pots are damaged and require repair or replacement, a process that could limit or shut down our production operations for a prolonged period of time. Although we maintain property and business interruption insurance to mitigate losses resulting from catastrophic events, we may be required to pay significant amounts under the deductible provisions of those insurance policies. In addition, our coverage may not be sufficient to cover all losses, or may not cover certain events. For example, our insurance does not cover any losses we may incur if our suppliers are unable to provide us with power during periods of unusually high demand. Certain material losses which are not covered by insurance may trigger a default under our revolving credit facility.

Changes or disruptions to our current alumina 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. Supply of alumina has been constrained over the past 18 months, and the construction of new production facilities would require substantial lead time. 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 us to purchase alumina on less favorable terms than under our current agreements. Spot alumina prices are currently substantially higher than the prices we pay under our long-term agreements.

All of the alumina used at the Hawesville facility is currently purchased at LME-based prices under contracts with an affiliate of Kaiser Aluminum & Chemical Corporation that expire at the end of 2008. Kaiser filed for bankruptcy under Chapter 11 of the Bankruptcy Code in February 2002. Subsequent to that date, and with bankruptcy court approval, Kaiser agreed to assume our alumina supply agreement and agreed to a new alumina supply agreement for the Hawesville facility for the years 2006 through 2008. To date, Kaiser has continued to supply alumina to us pursuant to the terms of its agreement. In June 2003, Kaiser announced it was exploring the sale of several of its facilities, including Gramercy. We, together with a partner, are considering purchasing that facility and the related bauxite operations in Jamaica. Any sale by Kaiser would be subject to bankruptcy court approval. If we were to acquire the Gramercy facility, the price we would pay for alumina used by the Hawesville facility would be based on the cost of alumina production, rather than the LME price for primary aluminum. Those production costs may be materially higher than our LME-based contract price, especially in periods when aluminum prices are low and natural gas prices are high.

If we do not acquire the Gramercy facility, and Kaiser or a successor fails to continue to supply alumina to us under the terms of our existing contracts, our costs for alumina could increase substantially, and we may be unable to fully recover damages resulting from breach of those contracts.

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

Our operating results are sensitive to changes in the price of primary aluminum and the raw materials used in our production. Although we attempt to mitigate the effects of such price fluctuations through the use of various fixed-price commitments and financial instruments, these efforts may limit our ability to take advantage of favorable changes in the market prices for primary aluminum or raw materials. See Business Pricing and Risk Management included elsewhere in this prospectus supplement for a discussion of these contracts in more detail.

Electricity represents our single largest operating cost. As a result, the availability of electricity at affordable prices is crucial to the profitability of our operations. While we purchase virtually all of our electricity for our existing facilities under fixed-price contracts, a portion of the contracted cost of the electricity supplied to the Mt. Holly facility varies with our supplier s fuel costs. An increase in our supplier s fuel costs would increase the price the Mt. Holly facility pays for electricity. The fixed price portions of our current power contracts are due to expire at various times from 2005 through 2010. If we are unable to obtain power at affordable rates upon the expiration of these contracts, 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.

We are subject to the risk of union disputes.

The hourly employees at the Ravenswood and Hawesville facilities are represented by the United Steel Workers of America, or USWA, and are employed under labor contracts that expire in 2006. Nordural s employees are represented by unions and are employed under a contract that expires at the end of 2004. We may be unable to satisfactorily renegotiate those labor contracts when they expire. In addition, existing labor contracts may not prevent a strike or work stoppage at any of these facilities in the future, and any such work stoppage could prevent or significantly impair our ability to conduct production operations at those facilities.

We depend on key management personnel.

Our management structure is streamlined and, as a result, we rely heavily on a small core senior management team. The unexpected loss of the services of one or more key employees could significantly harm our business, financial condition and operating results. The employment agreements for certain key management personnel expire at the end of 2005 and it is anticipated that several of those individuals will retire at that time.

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. If we complete our planned Nordural acquisition, we would also be required to comply with the environmental laws and regulations of Iceland and the European Economic Area with which we have no previous operational experience. 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 manufacturing facilities. Our known liabilities with respect to compliance and cleanup, based on current information, are not expected to be material and should not adversely affect our operating results. However, if more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or previously unknown environmental conditions are discovered, 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. 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, including the Nordural facility. 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. See Business Environmental Matters and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Environmental Expenditures and Other Contingencies included elsewhere in this prospectus supplement for a detailed description of our environmental matters and associated costs and risks.

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Acquisitions may present difficulties for us.

We intend to use a substantial portion of the proceeds from this offering to fund the Nordural acquisition and may make other strategic acquisitions in the future. We are subject to numerous risks as a result of our acquisitions, including the following:

it may be difficult to manage our existing business as we integrate acquired operations;

we may not achieve the anticipated reductions in average per unit production costs as a result of 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.

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

Operating in a foreign country exposes us to political, regulatory, currency and other related risks.

The Nordural facility will be our first facility located outside of the United States. We may in the future consider other acquisitions in foreign countries. International operations may expose us to risks, including unexpected changes in foreign laws and regulations, political and economic instability, challenges in staffing and 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 will 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 kronur and a portion of its anode costs are denominated in euros.

The Nordural acquisition and the planned expansion of the Nordural facility are both subject to certain conditions. If we do not complete the acquisition and/or the planned expansion does not occur, our management will have broad discretion in deciding how to use the proceeds from this offering which were allocated for those purposes.

We intend to use a substantial portion of the proceeds from this offering to fund the Nordural acquisition. The Nordural acquisition is scheduled to close after the closing of this offering, and will be subject to certain conditions. See The Planned Nordural Acquisition. We may also use a portion of the proceeds from this offering to fund a portion of the anticipated costs of the planned expansion of the Nordural facility, which is also subject to certain conditions. If we do not complete the acquisition and/or the planned expansion does not occur, our management will have broad discretion in deciding how to use that portion of the proceeds from this offering which were allocated for those purposes and investors will not have the opportunity to evaluate information concerning the application of those proceeds. We may use the net proceeds for working capital and other general corporate purposes, which may include debt reduction or other acquisitions.

We may not realize the expected benefits of the planned expansion of the Nordural facility.

Nordural is planning an expansion that would double its existing production capacity. Nordural s ability to proceed with the expansion will depend on its ability to obtain government approvals, financing and certain key contracts. Nordural has entered into non-binding Memoranda of Understanding relating to certain key contracts for the expansion, some of which do not provide the same economic benefits as its contracts for the existing capacity. We cannot assure you that Nordural, or we after closing, will complete definitive agreements with respect to these non-binding Memoranda of Understanding or that the expansion will be undertaken. If the expansion is undertaken there can be no assurances that it can be timely completed or completed without significant cost overruns.

Our agreement with Columbia Ventures permits them to enter into expansion contracts prior to the closing of the acquisition after consultation with us; if we are unsatisfied with any expansion contract executed by Columbia Ventures, we have the option to terminate the acquisition agreement.

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

The historical and pro forma financial information included in this prospectus supplement is not necessarily indicative of our future results of operations, financial position and cash flows, and the pro forma financial information does not necessarily reflect our results of operations and financial position for the periods and dates presented. For example, our historical financial data does not reflect the effects of:

- our additional ownership interest in the Mt. Holly facility prior to April 2000;
- our 80% interest in the Hawesville facility prior to April 2001;
- our acquisition of the remaining 20% interest in the Hawesville facility prior to April 2003; and
- our planned acquisition of the Nordural facility.

In addition, our pro forma financial information does not include operating results from the remaining 20% interest in the Hawesville facility before we acquired it in April 2003 and may not reflect all of the effects from the integration of the financial results of the Nordural facility. Costs actually incurred following these acquisitions may be materially different from those costs reflected in the pro forma financial information. See Unaudited Pro Forma Consolidated Financial Data included elsewhere in this prospectus supplement.

Risks Relating to our Common Stock

Provisions in our charter documents and state law may make it difficult for others to obtain control of our company, even though some stockholders may consider it 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, or DGCL, may have the effect of delaying, deferring or preventing a change of control of our company, 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 those shares 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, certain 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 our company. Our 1996 Stock Incentive Plan also provides for acceleration of the ability to exercise stock options and the vesting of performance shares upon a change of 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 of control.

Our stock price has been and may be volatile.

Our common stock has experienced significant price volatility from time to time, and this volatility may continue in the future. The market price for our common stock may be affected by a number of factors, including quarterly variations in our results of operations, expectations about the future price of aluminum, changes in earnings estimates or recommendations by securities analysts, developments in our industry and sales of substantial numbers of shares 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.

FORWARD-LOOKING STATEMENTS

In this prospectus supplement, together with the documents incorporated by reference herein, we make statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. We have based these forward-looking statements on our current expectations and projections about future events. Many of these statements may be identified by the use of forward-looking words such as anticipate, believe, hope, expect, should, will, will likely, forecast, project, planned, estimated and potential, among oth forward-looking statements are subject to risks, uncertainties and assumptions including, among other things, those described under the heading Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations of this prospectus supplement and the following:

- Our high level of indebtedness reduces cash available for other purposes, such as the payment of dividends, and limits our ability to incur additional debt and pursue our growth strategy;
- The cyclical nature of the aluminum industry causes variability in our earnings and cash flows;
- The loss of a major customer would increase our production costs at those facilities which deliver molten aluminum;
- Glencore International AG owns a large percentage of our common stock and has the ability to influence matters requiring shareholder approval;
- We could suffer losses due to a temporary or prolonged interruption of the supply of electrical power to our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events;
- Due to increasing prices for alumina, the principal raw material used in primary aluminum production, changes to or disruptions in our current alumina supply arrangements would materially impact our raw material costs;
- 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 or failure to successfully renegotiate an existing labor agreement could materially impair our ability to conduct our production operations at our unionized facilities;
- We are subject to a variety of environmental laws that could result in costs or liabilities; and
- We may not realize the expected benefits of our growth strategy if we are unable to successfully integrate the businesses we acquire.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date on which they are made.

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You should read this prospectus supplement and the accompanying prospectus, together with the documents incorporated by reference herein and therein completely and with the understanding that our actual future results may be materially different from those expressed in our forward-looking statements. We have no obligation (other than as required by law) to update or revise any of our forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

MARKET AND INDUSTRY DATA

We obtained the market data used throughout this prospectus supplement 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 net proceeds from the sale of our common stock in this offering of approximately $230 million, or approximately $267 million if the underwriters exercise their over-allotment option in full. This estimate assumes an offering price of $28.87 per share, which is the reported closing price per share of our common stock as of March 26, 2004, and deductions for underwriting discounts and commissions and other estimated fees and expenses we will pay. We will not receive any proceeds from the sale of shares offered by the selling shareholders. Out of the net proceeds received by us, we intend to use:

- $165.7 million to fund the Nordural acquisition, including $2.5 million in estimated transaction fees and expenses, which is expected to close after the closing of this offering;
- up to $25.0 million for the contingent payment related to the Nordural expansion;
- $12.0 million to repay the remaining principal outstanding under the six-year 10% promissory note issued to Glencore in connection with our acquisition of the remaining 20% interest in the Hawesville facility in April 2003;
- $3.0 million to pay dividends on our convertible preferred stock; and
- any remaining proceeds for general corporate purposes, which may include financing part of the planned expansion of the Nordural facility and payment of purchase price adjustments related to the acquisition.

If the Nordural acquisition is not consummated, we intend to use the proceeds allocated for the acquisition for working capital and other general corporate purposes, which may include debt reduction or other acquisitions.

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PRICE RANGE OF COMMON STOCK

Our common stock is quoted on the NASDAQ National Market tier of The NASDAQ Stock Market® under the symbol CENX. The following table sets forth the high and low reported sales prices of our common stock as reported by The NASDAQ Stock Market®.

	High	Low
2002		
First Quarter	$16.50	$11.00
Second Quarter	17.51	12.70
Third Quarter	15.19	6.71
Fourth Quarter	8.63	5.70
2003		
First Quarter	7.65	5.61
Second Quarter	7.61	5.82
Third Quarter	12.71	6.90
Fourth Quarter	22.25	10.41
2004		
First Quarter (through March 26, 2004)	29.31	18.72

On March 26, 2004, the closing price per share of our common stock was $28.87. As of March 23, 2004, we had 21,211,466 shares of our common stock issued and outstanding (which were held by 28 holders of record), 1,395,089 shares reserved for issuance upon conversion of our convertible preferred stock and 1,547,973 shares reserved for issuance upon the exercise of outstanding stock options and the vesting of outstanding performance shares and restricted stock awards. Glencore has notified us that it intends to convert 500,000 shares of our outstanding convertible preferred stock that it holds upon completion of this offering.

DIVIDEND POLICY

Since the beginning of the fourth quarter of 2002, we have not declared dividends on our common stock and suspended dividends on our preferred stock to comply with limits on dividend payments contained in the indenture governing our senior secured notes. From April 1996 through the third quarter of 2002, we declared and paid a $0.05 per share quarterly dividend on our common stock.

The declaration of dividends on our common stock is subject to the discretion of our board of directors. The timing, amount and form of dividends, if any, depend, among other things, on our results of operations, financial condition, cash requirements and other factors deemed relevant by our board of directors. In addition, restrictions under our revolving credit facility and the indenture governing our senior secured notes limit our ability to declare and pay dividends under certain circumstances. Our revolving credit facility limits dividends on our common and preferred stock to $2.5 million per year. The indenture governing our senior secured notes limits the aggregate amount of dividends paid since the date on which the senior secured notes were issued to 50% of consolidated net income from April 1, 2001 through the most recent fiscal quarter, plus the net cash proceeds from our sales of equity securities and other amounts, including cash returns on certain investments less the aggregate amount used for the payment of dividends and other restricted payments, including investments in foreign subsidiaries. The terms of our convertible preferred stock restrict our ability to pay dividends on our common stock until all dividends have been paid on our convertible preferred stock. We plan to use a portion of the proceeds from this offering to pay all dividends on our convertible preferred stock. See Use of Proceeds included elsewhere in this prospectus supplement. We intend to resume the payment of dividends on our common stock when our board of directors determines we have cash available for that purpose and when permitted under the terms of our revolving credit facility, indenture and convertible preferred stock.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2003 on an actual and as adjusted basis. The adjustments reflect:

the issuance and sale of the common stock being offered by us in this offering (excluding shares issuable upon exercise of the underwriters over-allotment option) at an assumed price of $28.87 per share, which is the reported closing price per share of our common stock as of March 26, 2004;

the use of $165.7 million to fund the Nordural acquisition, including $2.5 million in estimated transaction fees and expenses (subject to adjustment for an additional payment not to exceed $25.0 million due upon commencement of the expansion);

the use of $12.0 million of the proceeds to repay the remaining principal outstanding under a six-year 10% promissory note issued to Glencore in connection with our acquisition of the remaining 20% interest in the Hawesville facility; and

the use of $3.0 million of the proceeds to pay dividends on our convertible preferred stock.

The table does not reflect our anticipated use of proceeds if the planned Nordural acquisition is not consummated.

The information set forth below should be read in conjunction with the following, each of which is included elsewhere in this prospectus supplement: (1) Use of Proceeds, (2) Management s Discussion and Analysis of Financial Condition and Results of Operations, and (3) our audited consolidated financial statements and accompanying notes.

	As of December 31, 2003	
	Actual	As Adjusted
	(Dollars in thousands)	
Cash and cash equivalents	$ 28,204	$ 91,099
Short-term debt:		
Industrial revenue bonds	$ 7,815	$ 7,815
Current portion of Nordural debt		14,411
Long-term debt:		
11 3/4% Senior Secured First Mortgage Notes due 2008(1)	322,310	322,310
Notes payable affiliates	14,000	2,000(2)
Nordural debt		177,027
Total debt	344,125	523,563
Shareholders equity:		
Convertible preferred stock	25,000	25,000(3)
Common stock	211	296
Additional paid-in capital	173,138	403,448
Accumulated other comprehensive income (loss)	(5,222)	(5,222)
Retained earnings	(5,430)	(8,430)
Total shareholders equity	187,697	415,092
Total capitalization	$531,822	$938,655

(1) Net of unamortized issuance discount.

(2) The remaining $2.0 million is to be repaid on April 1, 2004 in accordance with the terms of the promissory note issued to Glencore.

(3) Glencore has notified us it intends to convert the 500,000 shares of our convertible preferred stock it holds upon completion of this offering.

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DILUTION

Our net tangible book value as of December 31, 2003 was approximately million or $ 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 December 31, 2003.

After giving effect to the sale of shares of common stock offered by in this offering based on an assumed per share offering price of $, which is the reported closing price per share of our common stock as of April , 2004, 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 $ million, 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.

Assumed public offering price per share	$
Net tangible book value per share as of December 31, 2003	$
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 December 31, 2003 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 has been adjusted to reflect the issuance of 1,395,089 shares of our common stock upon conversion of 500,000 shares of our outstanding convertible preferred stock, which Glencore has notified us it intends to convert upon completion of this offering. The above information does not reflect 1,630,433 shares reserved for issuance, as of December 31, 2003, upon the exercise of outstanding stock options and vesting of outstanding performance shares and restricted stock awards.

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THE PLANNED NORDURAL ACQUISITION

The Stock Purchase Agreement

On March 28, 2004, we entered into an amended and restated stock purchase agreement with Columbia Ventures Corporation to acquire 100% of the outstanding equity shares of its wholly-owned subsidiary, Nordural hf. The purchase price for the shares is $150.0 million plus cash at December 31, 2003 of $9.9 million plus an adjustment to reflect the cash flow of the business from January 1, 2004 through closing. Cash flow for this purpose is the change in net liabilities defined as total liabilities less current assets (adjusted for the inclusion of expansion capital expenditures and less advances to shareholder). The cash flow adjustment is expected to include $3.3 million for the repayment of a portion of the advances to shareholder outstanding at December 31, 2003. The agreement also provides for a contingent payment of up to $25 million to Columbia Ventures based on the completion of certain events related to the planned expansion of the facility, which may be payable as early as the closing of the acquisition.

The stock purchase agreement contains customary representations and warranties by both parties. Columbia Ventures also has agreed to provide indemnification in certain circumstances subject to a basket of $500,000 and a cap of $15.0 million. This indemnification does not cover certain specified environmental matters.

The Nordural acquisition, which is expected to close after the closing of this offering, is subject to the satisfaction of certain conditions. Conditions to our obligations include:

- the completion of this offering; and
- Nordural delivering all notices and obtaining or transferring all consents, waivers or approvals required under any law or order, and its financing and other contractual agreements, including, without limitation:
  - the $185.0 million senior credit facility that Nordural intends to keep in place following the closing of the acquisition; and
  - the permits, licenses, and agreements necessary for the operation of the Nordural facility and its planned expansion, including, without limitation, an investment agreement among Nordural, Columbia Ventures and the Government of Iceland.

Conditions to Columbia Ventures obligations include:

- no injunction prohibiting the Nordural acquisition; and
- Columbia Ventures being released at closing as a responsible party under the approximately $10 million letter of credit posted as a guaranty of Nordural s outstanding debt.

The parties may terminate the stock purchase agreement as follows:

- either party may terminate upon a material breach of the stock purchase agreement by the other party;
- either party may terminate if a closing condition is not satisfied;
- we may terminate in our sole discretion up to one day before closing this offering;
- both parties may terminate by mutual consent of the parties;
- either party may terminate if closing has not occurred by June 15, 2004, provided that if failure to close is solely due to some action or inaction by a governmental agency or as otherwise agreed to by the parties, the closing date will be extended to July 15, 2004; or
- we may terminate if Nordural enters into certain expansion-related contracts prior to closing on terms that are not satisfactory to us.

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The stock purchase agreement provides for payment of a break-up fee to Columbia Ventures if the closing does not occur for various reasons, including our material breach of a limited number of covenants or representations. The break-up fee is $3 million or, if the agreement is terminated within 30 days before or after closing of this offering, 5% of the value of this offering.

The Nordural Facility

Nordural is an Icelandic company that owns and operates the Nordural facility, a primary aluminum reduction facility located in Grundartangi, Iceland, approximately 25 miles northwest of Reykjavik, Iceland s capital. It currently has an annual production capacity of approximately 198 million pounds, which would increase to approximately 397 million pounds upon completion of a planned expansion of the Nordural facility. The facility is located on two hundred acres leased by Nordural. The Nordural facility consists of an aluminum reduction plant with two potlines and casting equipment used to cast molten aluminum into ingot. The Nordural facility, built in 1998, would be our most recently constructed and lowest cost facility.

Planned Expansion. Nordural plans to expand the Nordural facility to increase its annual production capacity to 397 million pounds, or double its current production capacity, which it estimates will cost approximately $300 million.

The Government of Iceland. The Nordural facility operates under various long-term agreements with the Government of Iceland. These agreements include:

- an investment agreement which sets forth the Government s obligations to grant certain permits and Nordural s tax status;

- a smelter site agreement by which Nordural leases the property through 2020, subject to renewal at its option; and

- a harbour agreement by which Nordural receives access to and maintains facilities by the port at Grundartangi.

In connection with the proposed expansion of the Nordural facility, Nordural has negotiated amendments to each of these agreements with the Government of Iceland, which will be signed once all of the conditions to the expansion have been satisfied.

Power. The Nordural facility purchases power from Landsvirkjun, a power company jointly owned by the Republic of Iceland and two Icelandic municipal governments, under a contract due to expire in 2019. The power delivered to the Nordural facility under its current contract is from hydroelectric sources, a competitively-priced and renewable source of power in Iceland, at a rate based on the LME price for primary aluminum. In connection with the planned expansion, Nordural has entered into a non-binding memorandum of understanding with Sudurnes Energy and Reykjavík Energy for the supply of the additional power required for the expansion capacity. Pursuant to the memorandum of understanding, the rate for the power supplied for the expansion capacity will also be LME-based. Before the parties enter into a definitive agreement, Nordural must have financing plans in place for the expansion and the power companies must have environmental permits for the geothermal facilities to be used to provide the power to the expansion capacity. Construction of those geothermal facilities will be conditioned on the parties execution of a definitive agreement. Under the terms of the final power agreement, we expect that we will be required to take or pay for a significant percentage of the power to be supplied beginning a specified period after signing (subject to extension for agreed upon events) even if we have not completed construction.

Alumina/Sales and Distribution. Nordural is party to a long-term alumina tolling contract with a subsidiary of BHP Billiton which is due to expire December 31, 2013. Under this contract, which is for virtually all of the Nordural facility s existing production capacity, Nordural receives an LME-based fee for the conversion of alumina, supplied by BHP Billiton, into primary aluminum. The contract includes customary termination provisions upon a force majeure event or material breach that could result in early termination.

Iceland is a member of the European Free Trade Area, or EFTA. EFTA countries have free trade agreements with the European Union, or EU, which provide for duty-free trade in certain industrial goods, including primary aluminum. As a result of Iceland s EFTA membership, BHP Billiton is able to sell primary aluminum produced at the Nordural facility to EU markets on a duty-free basis, and those cost savings are reflected in the tolling fee paid to Nordural under the tolling contract.

The following table shows the primary aluminum shipments from the Nordural facility during each of the periods indicated:

Nordural Facility Primary Aluminum Shipments(1)

	Year Ended December 31,		
	2001	**2002**	**2003**
	(In millions of pounds)		
Total	164.1	198.3	198.7

(1) This table reflects shipments to BHP Billiton under the long-term tolling contract.

Anodes. Nordural has a contract for the supply of anodes for its existing capacity which expires in 2013. Nordural is exploring various options for anodes for the expansion capacity but does not yet have any agreements in place. While we do not yet know what terms will be agreed, we do not currently expect that the pricing will be materially different than under Nordural s current arrangements.

Labor. As of December 31, 2003, the Nordural facility employed 195 people, of whom 13 were hourly employees and 182 were salaried. There are six national labor unions represented in Nordural s unionized work force. The current labor contract with these unions, which sets forth the work rules and wages for the covered employees, expires on December 31, 2004. The contract is expected to be renegotiated in the latter half of 2004. Nordural expects to hire up to 114 new employees for the planned expansion.

Environmental. Nordural is subject to various Icelandic and other environmental laws and regulations. These laws and regulations are subject to change, which changes could result in increased costs. See Risk Factors We are subject to a variety of environmental laws that could result in costs or liabilities and Risk Factors Operating in a foreign country exposes us to political, regulatory, currency and other related risks. The Nordural facility, built in 1998, uses centre worked prebaked cells with automatic multiple point feeding of alumina, technology currently defined to be best available technology under the European Union s Integrated Pollution Prevention and Control Directive of 1996, or IPPC. The operational restrictions for the Nordural facility, as determined by the Icelandic Minister for the Environment, are set forth in the facility s operating license. The license currently allows for both the facility s current and planned expansion capacity.

Nordural Debt. As of December 31, 2003, Nordural had approximately $190 million of debt, principally consisting of debt that was originally incurred in connection with the construction of the Nordural facility in 1998 and an expansion completed in June 2001. On September 2, 2003, Nordural entered into a $185.0 million senior term loan facility with a syndicate of banks. A substantial portion of the proceeds from the loan was used to repay indebtedness outstanding under an existing $167.2 million senior facility agreement. At December 31, 2003, the balance of the loan facility was $178.3 million. Amounts borrowed under Nordural s loan facility generally bear interest at the applicable LIBOR rate plus an initial margin of 1.45% per year, which increases to 1.55% per year in January 2010 and 1.65% in January 2014, plus an applicable percentage to cover certain lender compliance costs. Nordural is required to pay a commitment fee of 0.5% per year on undrawn amounts.

Columbia Ventures secured Nordural s obligations under the loan facility by pledging all of its Nordural shares pursuant to a share pledge agreement with the lenders. In addition, all of Nordural s assets have been pledged as security under the loan facility. Amounts outstanding under the loan facility are payable semiannually in installments through June 30, 2018. The amount of each installment is based on a scheduled rate that fluctuates between 2.74% and 3.88% semi-annually. Nordural may voluntarily prepay all or part of the loan under the facility without penalty provided it gives five business days notice, subject to a minimum payment threshold. The agreement provides for mandatory prepayment upon the receipt of proceeds from certain asset sales, events impairing the value of assets and insurance recoveries. If the price of aluminum falls below designated levels for six months prior to a payment date and certain debt coverage ratios are not met, the loan facility provides for deferral of principal payments. Principal payments are increased if certain debt coverage ratios are exceeded.

Nordural s loan facility contains customary covenants, including limitations on additional indebtedness, security interests, investments, asset sales, loans, guarantees, capital expenditures, mergers and acquisitions, amendments to various agreements used in the operation of the Nordural facility, hedging agreements, distributions and share capital redemptions. Nordural is also subject to various financial covenants, including minimum debt service coverage, loan life coverage and net worth covenants. The loan facility contains customary events of default, including nonpayment, misrepresentation, breach of a covenant, insolvency and default of other indebtedness. If an event of default were to occur, the various banks under the loan facility would have the right to cancel all commitments and demand repayment of the loan facility.

Expansion Financing. We are considering a variety of options for financing the expansion, including project finance. We expect that project finance would have terms similar to Nordural s existing financing arrangement, but we may enter into alternative financing on terms that could be materially different.

Risk Management. Substantially all of Nordural revenues are derived from a tolling arrangement whereby it converts alumina provided to it into primary aluminum for a fee based on the LME price for primary aluminum. Nordural s revenues are subject to the risk of decreases in the market price of primary aluminum; however, because it produces primary aluminum under a tolling arrangement, Nordural is not exposed to increases in the price for alumina, the principal raw material used in the production of primary aluminum. In addition, under its current power contract, Nordural purchases power at a rate which is a percentage of the LME price for primary aluminum. By linking its most significant production cost to the LME price for primary aluminum, Nordural has a natural hedge against downswings in the market for primary aluminum; however, this hedge also limits Nordural s upside as the LME price increases.

Nordural is exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the euro and the Icelandic krona. Under its long-term tolling agreement with BHP Billiton, which covers virtually all of Nordural s current production, Nordural receives revenues linked to the LME price for primary aluminum, which is denominated in U.S. dollars. Nordural s labor costs are denominated in Icelandic kronur and a portion of its anode costs are denominated in euros. As a result, an increase in the value of those currencies relative to the U.S. dollar would affect Nordural s operating margins. See Risk Factors Operating in a foreign country exposes us to political, regulatory, currency and other related risks.

Borrowings under Nordural s term loan facility bear interest at a margin over the applicable LIBOR rate, plus an applicable percentage to cover certain lender compliance costs. At December 31, 2003, Nordural had $183.2 million of long-term liabilities which bear interest at a variable rate.

Nordural does not currently have any material financial instruments to hedge commodity, currency or interest rate risk. Nordural may hedge a certain amount of such risk in the future, including through the purchase of aluminum put options and interest rate swaps that would have the effect of fixing a portion of its floating rate debt.

Liquidity and Capital Resources. Nordural generally requires minimal working capital primarily because it receives payments under the tolling agreement that are generally received in advance of its principal payment obligations. Its principal cash need is for capital expenditures relating to its expansion, as described above, and debt service as described above. We expect Nordural will retain its internally generated cash flow and use it to finance the expansion and repay debt.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following tables present our unaudited pro forma consolidated balance sheet as of December 31, 2003 and unaudited pro forma consolidated statement of operations for the year ended December 31, 2003. The unaudited pro forma consolidated financial data presented below has been derived from the following, which are included elsewhere in this prospectus supplement: (1) our audited consolidated financial statements and accompanying notes and (2) the separate audited financial statements and accompanying notes of Nordural for the year ended December 31, 2003. The unaudited pro forma consolidated financial data has been prepared for illustrative purposes only and does not purport to represent what our results of operations or financial condition would actually have been had the transactions described below in fact occurred as of the dates specified. In addition, the unaudited pro forma consolidated financial data does not purport to project our results of operations or financial condition as of any date or for any future period. Among other things, the unaudited pro forma consolidated financial data does not reflect the effects of our acquisition of the remaining 20% interest in its Hawesville primary aluminum reduction facility prior to the closing of that acquisition in April 2003.

The unaudited pro forma consolidated balance sheet as of December 31, 2003 gives effect to the following events as if they were consummated on December 31, 2003:

- our acquisition of all of the outstanding equity shares of Nordural;
- our issuance and sale of approximately $245 million in common stock in this offering;
- our payment of the remaining $12.0 million of principal outstanding under the promissory note payable to Glencore;
- our payment of $3.0 million of dividends on our convertible preferred stock; and
- other adjustments that management believes are directly related to the Nordural acquisition.

The unaudited pro forma consolidated statement of operations for the year ended December 31, 2003 gives pro forma effect to these events as if they were consummated on January 1, 2003.

The Nordural acquisition would be accounted for using the purchase method of accounting. Under the purchase method of accounting, the cash payment of the estimated aggregate purchase price for Nordural (including transaction fees and expenses) would be allocated to the tangible assets, identifiable intangible assets and liabilities of Nordural, based upon their respective fair values. The allocation of the purchase price, useful lives assigned to assets and other adjustments made to the unaudited pro forma consolidated financial data are based upon available information and certain preliminary assumptions that we believe are reasonable under the circumstances. We have not yet completed the fair market value allocation to the specific assets and liabilities of Nordural. Consequently, the final amounts allocated and the related useful lives could differ from those reflected in the unaudited pro forma consolidated financial data and the effects could be material. The acquisition of Nordural is subject to certain conditions, including the successful completion of this offering, and there can be no assurance that the acquisition will be consummated.

The unaudited pro forma consolidated financial data should be read in conjunction with the following, which are included elsewhere in this prospectus supplement: (1) our audited consolidated financial statements and accompanying notes, (2) Management s Discussion and Analysis of Financial Condition and Results of Operations, and (3) the separate audited financial statements and accompanying notes of Nordural.

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UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

As of December 31, 2003

	Century	Nordural	U.S. GAAP Adjustments	U.S. GAAP Nordural	Pro Forma Adjustments	Pro Forma Consolidated
			(Dollars in thousands)			
			ASSETS			
Current Assets:						
Cash and cash equivalents	$ 28,204	$ 9,898	$	$ 9,898	$ 3,277 (1)	$ 91,099
					230,395 (2)	
					(165,675)(3)	
					(12,000)(4)	
					(3,000)(5)	
Accounts receivable net	51,370	5,897		5,897		57,267
Due from affiliates	10,957	14,877		14,877	(14,877)(1)	10,957
Inventories	89,360	12,635		12,635		101,995
Prepaid and other current assets	4,101	1,663		1,663		5,764
Deferred taxes current portion	3,413					3,413
Total current assets	187,405	44,970		44,970	38,120	270,495
Property, plant and equipment net	494,957	215,897	832	216,729	36,473 (3)	748,159
Intangible assets net	99,136				83,771 (3)	182,907
Other assets	28,828	13,926	(861)	13,065	(13,065)(3)	28,828
Total	$810,326	$274,793	$ (29)	$274,764	$ 145,299	$1,230,389
		LIABILITIES AND SHAREHOLDERS EQUITY				
Current Liabilities:						
Accounts payable, trade	$ 34,829	$ 6,463	$	$ 6,463	$	$ 41,292
Due to affiliates	27,139	147		147		27,286
Industrial revenue bonds	7,815					7,815
Current portion of long term debt		14,411		14,411		14,411
Accrued and other current liabilities	30,154	2,067	280	2,347		32,501
Accrued employee benefits costs current portion	8,934					8,934
Deferred taxes current portion						
Total current liabilities	108,871	23,088	280	23,368		132,239
Long term debt net	322,310	174,024	862	174,886		497,196
Notes payable affiliates	14,000				(12,000)(4)	2,000
Accrued pension benefits costs less current portion	10,764					10,764
Accrued postretirement benefits costs less current portion	78,218					78,218
Other liabilities	33,372	2,141		2,141		35,513
Deferred taxes less current portion	55,094	4,440	(167)	4,273		59,367
Total noncurrent liabilities	513,758	180,605	695	181,300	(12,000)	683,058
Contingencies and Commitments						
Shareholders Equity:						

Convertible preferred stock (8.0% cumulative, 500,000 shares outstanding)	25,000					25,000
Common stock (one cent par value, 50,000,000 shares authorized; 21,130,839 shares outstanding at December 31, 2003)	211				85 (2)	296
Capital stock		59,500		59,500	(59,500)(3)	
Additional paid-in capital	173,138				230,310 (2)	403,448
Accumulated other comprehensive income (loss)	(5,222)		(280)	(280)	280 (3)	(5,222)
Retained earnings (deficit)	(5,430)	11,600	(724)	10,876	724 (3)	(8,430)
					(11,600)(1)	
					(3,000)(5)	
Total shareholders equity	187,697	71,100	(1,004)	70,096	157,299	415,092
Total	$810,326	$274,793	$ (29)	$274,764	$ 145,299	$1,230,389

See accompanying notes to the unaudited pro forma consolidated balance sheet.

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NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

As of December 31, 2003

1. Reflects an adjustment to eliminate Nordural shareholder loans, a portion of which is expected to be repaid prior to closing and the balance is expected to be offset against retained earnings.

2. Records the proceeds, net of financing costs, from our issuance and sale of approximately $245 million in common stock in this offering.

3. Reflects the cash payment and allocation of the estimated aggregate purchase price for Nordural, including acquired cash and estimated transaction fees and expenses (subject to adjustment for an additional payment not to exceed $25.0 million due upon commencement of the expansion). Acquired cash reflects pro forma cash on the balance sheet of Nordural which we have agreed to purchase. We will also compensate the seller for the cash flow generated by the business from December 31, 2003 through closing which could be material.

Purchase Price:	
Purchase price	$ 150,000
Acquired cash	13,175
Transaction fees and expenses	2,500
Total purchase price	$ 165,675
Preliminary Allocation of Purchase Price:	
Current assets	$ 33,370
Property, plant and equipment	253,202
Goodwill	83,771
Current liabilities	(23,368)
Noncurrent liabilities	(181,300)
Total purchase price	$ 165,675

4. Reflects the payment of a portion of the remaining outstanding principal under the promissory note payable to Glencore.

5. Reflects the payment of dividends on our convertible preferred stock.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 2003

	Century	Nordural	U.S. GAAP Adjustments	U.S. GAAP Nordural	Pro Forma Adjustments	Pro Forma Consolidated
	(Dollars in thousands, except per share data)					
Net Sales:						
Third-party customers	$660,593	$100,939	$	$100,939	$	$761,532
Related parties	121,886					121,886
	782,479	100,939		100,939		883,418
Cost of goods sold	734,441	82,003	231	82,234	(5,249)(1) (3,164)(2)	808,262
Gross profit	48,038	18,936	(231)	18,705	8,413	75,156
Selling, general and administrative expenses	20,833	558		558		21,391
Operating income	27,205	18,378	(231)	18,147	8,413	53,765
Interest expense third party	(41,269)	(5,401)		(5,401)		(46,670)
Interest expense related party	(2,579)				900(3)	(1,679)
Interest income	339					339
Net gain (loss) on forward contracts	25,691					25,691
Investment income		3,063		3,063(4)		3,063
Other income (expense) net	(688)					(688)
Income (loss) before income taxes and minority interest	8,699	16,040	(231)	15,809	9,313	33,821
Income tax benefit (expense)	(2,841)	(2,887)	41	(2,846)	(3,260)(5) (2,687)(6)	(11,634)
Income (loss) before minority interest and cumulative effect of change in accounting principle	5,858	13,153	(190)	12,963	3,366	22,187
Minority interest	986					986
Income (loss) before cumulative effect of change in accounting principle	6,844	13,153	(190)	12,963	3,366	23,173
Cumulative effect of change in accounting principle, net of tax benefit of $3,430	(5,878)					(5,878)
Net income (loss)	966	13,153	(190)	12,963	3,366	17,295
Preferred dividends	(2,000)					(2,000)
Net income (loss) applicable to common shareholders	$ (1,034)	$ 13,153	$(190)	$ 12,963	$ 3,366	$ 15,295

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	Century	Nordural	U.S. GAAP Adjustments	U.S. GAAP Nordural	Pro Forma Adjustments	Pro Forma Consolidated
	(Dollars in thousands, except per share data)					
Earnings (Loss) Per Common Share:						
Basic:						
Income (loss) before cumulative effect of change in accounting principle	$ 0.23					$ 0.72
Cumulative effect of change in accounting principle	(0.28)					(0.20)
Net income (loss)	$ (0.05)					$ 0.52
Diluted:						
Income (loss) before cumulative effect of change in accounting principle	$ 0.23					$ 0.72
Cumulative effect of change in accounting principle	(0.28)					(0.20)
Net income (loss)	$ (0.05)					$ 0.52
Weighted Average Common Shares Outstanding (in thousands):						
Basic	21,073				8,500(7)	29,573
Diluted	21,099				8,500(7)	29,599

See accompanying notes to the unaudited pro forma consolidated statement of operations.

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NOTES TO THE UNAUDITED PRO FORMA

CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 2003

1. Reflects an adjustment to depreciation expense based on the preliminary purchase accounting fair market valuation of Nordural s property, plant and equipment using an estimated average useful life of 35 years.

2. Reflects an adjustment to eliminate Nordural s historical amortization expense related to deferred financing and carbon anode contract costs.

3. Reflects an adjustment to reduce interest expense for the repayment of a portion of the outstanding principal under the promissory note payable to Glencore.

4. Includes income from certain equity investments, a substantial portion of which have been sold.

5. Reflects an adjustment to record income tax expense for the effects of the pro forma adjustments using an effective tax rate of 35%.

6. Reflects an adjustment to record the incremental increase in income tax expense for the historical results of Nordural using an effective tax rate of 35% as opposed to the historical rate of 18%.

7. Records the additional shares outstanding from our issuance and sale of 8,500,000 shares of our common stock in this offering at an assumed offering price of $28.87 per share, which is the reported closing price per share of our common stock as of March 26, 2004.

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SELECTED HISTORICAL AND PRO FORMA CONSOLIDATED

FINANCIAL AND OTHER DATA OF CENTURY ALUMINUM

The following table presents our selected historical and pro forma consolidated financial and other data for the periods indicated. The selected consolidated historical balance sheet data as of December 31, 2003 and December 31, 2002 and the selected consolidated statement of operations data for each of the years in the three-year period ended December 31, 2003 is derived from our consolidated financial statements audited by Deloitte & Touche LLP and included elsewhere in this prospectus supplement. The selected consolidated historical balance sheet data as of December 31, 2001, 2000 and 1999 and the selected consolidated statement of operations data for each of the years in the two-year period ended December 31, 2000 is derived from our consolidated financial statements audited by Deloitte & Touche LLP which are not included herein. Our selected historical results of operations include:

our rolling and fabrication businesses until their sale in September 1999;

our additional 23% interest in the Mt. Holly facility since we acquired it in April 2000;

our 80% interest in the Hawesville facility since we acquired it in April 2001; and

the remaining 20% interest in the Hawesville facility since we acquired it in April 2003.

These historical results do not include the Nordural facility, which we intend to acquire with a portion of the proceeds from this offering. These results may not be indicative of our future performance.

The selected pro forma consolidated financial data is derived from Unaudited Pro Forma Consolidated Financial Data and the historical financial statements of Century Aluminum and Nordural which are each included elsewhere in this prospectus supplement. The pro forma consolidated financial data gives pro forma effect to this offering and the use of proceeds to fund the Nordural acquisition, our payment of $12.0 million of principal outstanding under the promissory note payable to Glencore, our payment of $3.0 million of dividends on our convertible preferred stock and other adjustments.

The pro forma consolidated financial data has been prepared for illustrative purposes only and does not purport to represent what our results of operations or financial condition would actually have been had the transactions described in Unaudited Pro Forma Consolidated Financial Data in fact occurred as of the dates specified. The information provided below should be read in conjunction with the following, each of which is included elsewhere in this prospectus supplement: (1) our audited consolidated financial statements and accompanying notes, (2) Management s Discussion and Analysis of Financial Condition and Results of Operations, (3) Unaudited Pro Forma Consolidated Financial Data, and (4) the separate audited financial statements and accompanying notes of Nordural.

	Year Ended December 31,					Pro Forma Year Ended December 31,
	1999(1)(2)	2000(3)	2001(4)	2002	2003(5)	2003
	(Dollars in thousands, except per share amounts and operating data)					
Consolidated Statement of Operations Data:						
Net sales third party customers	$497,475	$299,277	$543,453	$603,744	$660,593	$761,532
Net sales related parties	68,801	129,320	111,469	107,594	121,886	121,886
Total net sales	566,276	428,597	654,922	711,338	782,479	883,418
Cost of goods sold(6)	572,921	396,139	634,214	691,277	734,441	808,262
Gross profit (loss)	(6,645)	32,458	20,708	20,061	48,038	75,156
Selling, general and administrative expenses	18,884	13,931	18,598	15,783	20,833	21,391

	Year Ended December 31,					Pro Forma Year Ended December 31,
	1999(1)(2)	2000(3)	2001(4)	2002	2003(5)	2003
	(Dollars in thousands, except per share amounts and operating data)					
Operating income (loss)	(25,529)	18,527	2,110	4,278	27,205	53,765
Gain on sale of fabricating businesses	41,130	5,156				
Interest expense third party	(5,205)	(408)	(31,565)	(40,813)	(41,269)	(46,670)
Interest expense related parties					(2,579)	(1,679)
Interest income	1,670	2,675	891	392	339	339
Net gain (loss) on forward contracts(7)	(5,368)	4,195	(203)		25,691	25,691
Investment income						3,063
Other income (expense)	(2,917)	6,461	2,592	(1,843)	(688)	(688)
Income (loss) before income taxes and minority interest and cumulative effect of change in accounting principle	3,781	36,606	(26,175)	(37,986)	8,699	33,821
Income tax benefit (expense)	138	(11,301)	8,534	14,126	(2,841)	(11,634)
Income (loss) before minority interest and cumulative effect of change in accounting principle	3,919	25,305	(17,641)	(23,860)	5,858	22,187
Minority interest			3,939	5,252	986	986
Income (loss) before cumulative effect of change in accounting principle	3,919	25,305	(13,702)	(18,608)	6,844	23,173
Cumulative effect of change in accounting principle, net of tax benefit of $3,430(8)					(5,878)	(5,878)
Net income (loss)	3,919	25,305	(13,702)	(18,608)	966	17,295
Preferred dividends			(1,500)	(2,000)	(2,000)	(2,000)
Net income (loss) applicable to common shareholders	$ 3,919	$ 25,305	$(15,202)	$(20,608)	$ (1,034)	$ 15,295
Earnings (Loss) Per Common Share:(9)						
Basic:						
Income (loss) before cumulative effect of change in accounting principle	$ 0.19	$ 1.25	$ (0.74)	$ (1.00)	$ 0.23	$ 0.72
Cumulative effect of change in accounting principles					(0.28)	(0.20)
Net income (loss)	$ 0.19	$ 1.25	$ (0.74)	$ (1.00)	$ (0.05)	$ 0.52

	Year Ended December 31, 1999(1)(2)	2000(3)	2001(4)	2002	2003(5)	Pro Forma Year Ended December 31, 2003
	(Dollars in thousands, except per share amounts and operating data)					
Diluted:						
Income (loss) before cumulative effect of change in accounting principle	$ 0.19	$ 1.24	$ (0.74)	$ (1.00)	$ 0.23	$ 0.72
Cumulative effect of change in accounting principles					(0.28)	(0.20)
Net income (loss)	$ 0.19	$ 1.24	$ (0.74)	$ (1.00)	$ (0.05)	$ 0.52
Weighted Average Common Shares Outstanding (in thousands):						
Basic	20,222	20,308	20,473	20,555	21,073	29,573
Diluted	20,357	20,478	20,473	20,555	21,099	29,599
Dividends Per Common Share	$ 0.20	$ 0.20	$ 0.20	$ 0.15	$ 0.00	$ 0.00
Consolidated Balance Sheet Data (at period end):						
Working capital	$124,391	$ 76,701	$ 62,312	$ 94,618	$ 78,534	$ 138,256
Intangible assets net			146,002	119,744	99,136	182,907
Total assets	310,802	333,770	776,706	765,167	810,326	1,230,389
Long-term debt			321,446	321,852	336,310	497,196
Total noncurrent liabilities	58,831	74,511	441,329	453,011	513,758	683,058
Total shareholders equity	179,728	202,639	217,185	192,132	187,697	415,092
Other Data:						
Capital expenditures	$ 22,983	$ 17,631	$ 14,456	$ 18,427	$ 18,858	$ 19,690
EBITDA(10)	27,735	51,409	53,762	64,734	98,919	135,743
Net cash (used in) provided by operating activities	(44,190)	58,103	38,623	54,486	87,379	
Net cash (used in) provided by investing activities	222,886	(106,158)	(382,245)	(18,196)	(78,695)	
Net cash (used in) provided by financing activities	(93,521)	(4,170)	324,048	(4,586)	(25,572)	
Operating Data:						
Shipments (millions of pounds):						
Primary	486	582	918	1,049	1,127	1,127
Tolling						199
Average Century Aluminum realized price ($/lb):						
Primary	$ 0.65	$ 0.74	$ 0.71	$ 0.68	$ 0.69	$ 0.69
Tolling						0.51
Average LME price ($/lb)	$ 0.62	$ 0.70	$ 0.66	$ 0.61	$ 0.65	$ 0.65

(1) On September 21, 1999, we sold our rolling and fabrication businesses to Pechiney for $234.3 million and recorded pre-tax gains of $41.1 million in 1999 and $5.2 million in 2000. Accordingly, the results of operations following that date do not include results from the rolling and fabrication businesses. Similarly, balance sheet data as of and following December 31, 1999 does not include the assets and liabilities related to the rolling and fabrication businesses.

(2) In April 2002, the Financial Accounting Standards Board, or FASB, issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. The provisions of the statement require that any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet certain criteria shall be reclassified. In 1999, we had previously recorded an extraordinary loss of $1,362 for the write-off of deferred bank fees, net of income tax benefit of $766. This item was reclassified to other income (expense) for the year.

(3) On April 1, 2000, we purchased an additional 23% interest in the Mt. Holly facility from Xstrata Aluminum Corporation, an affiliate of Glencore, increasing our ownership interest to 49.7%. Accordingly, the results of operations following that date reflect the increased production which resulted from that purchase. Similarly, balance sheet data as of and following December 31, 2000 includes the assets and liabilities related to the additional 23% interest in the Mt. Holly facility.

(4) Effective April 1, 2001, we purchased the Hawesville facility from Southwire. Simultaneously, we effectively sold a 20% interest in the Hawesville facility to Glencore. Accordingly, the results of operations following that date reflect the increased production which resulted from our 80% interest. Similarly, balance sheet data as of and following December 31, 2001 includes assets and liabilities related to our 80% interest in the Hawesville facility.

(5) On April 1, 2003, we acquired the remaining 20% interest in the Hawesville facility. Accordingly, the results of operations following that date reflect the increased production which resulted from our additional 20% interest in the Hawesville facility. Similarly, balance sheet data as of December 31, 2003 includes assets and liabilities related to our additional 20% interest in the Hawesville facility.

(6) Cost of goods sold includes net lower of cost or market inventory adjustment charges of $1,389, $1,631 and $5,166 for the years 1999, 2000 and 2001, respectively, and credits of $247 and $7,522 for the years 2002 and 2003, respectively.

(7) On January 1, 2001, we adopted Statement of Financial Accounting Standard, or SFAS, No. 133, Accounting for Derivative Instruments and Hedging Activities and related amendments. As a result, to the extent that our derivatives are designated as effective cash flow hedges, unrealized gains (losses) are reported as accumulated other comprehensive income, rather than reported in the statement of operations as was done in 2000 and 1999. Beginning in 2001, realized gains (losses) resulting from effective cash flow hedges are reported as adjustments to net sales and cost of goods sold.

(8) With the adoption of SFAS No. 143, Accounting for Asset Retirement Obligations on January 1, 2003, we recorded an asset retirement obligation asset of $6,848, net of accumulated amortization of $7,372 and a deferred tax asset of $3,430 and an asset retirement obligation liability of $14,220. The net amount initially recognized as a result of applying this statement is reported as a cumulative effect of a change in accounting principle. We recorded a one-time, non-cash charge of $5,878, for the cumulative effect of a change in accounting principle. See Note 14 to our audited consolidated financial statements included elsewhere in this prospectus supplement.

(9) Pro forma share data does not give effect to the conversion of our convertible preferred stock to common stock, which we expect to occur concurrently with closing of the offering. As further adjusted for such conversion, pro forma earnings per share for 2003 would be $0.56 on a basic and diluted basis.

(10) EBITDA is defined as net income (loss) plus income taxes, interest expense, and depreciation and amortization. EBITDA is not a calculation based upon GAAP. The amounts included in the EBITDA calculation, however, are derived from amounts included in the consolidated statement of operations data. In addition, EBITDA should not be considered as an alternative to net income as an indicator of our operating performance, or as an alternative to operating cash flows as a measure of liquidity. We believe EBITDA helps management and investors compare a company s performance on a consistent basis without regard to interest expense, taxes or depreciation and amortization, which can vary significantly depending upon many factors. You should be aware, however, that the EBITDA measure presented in this prospectus supplement may not be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

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The following table reconciles EBITDA to net income, which we believe is the most directly comparable GAAP financial measure:

	Year Ended December 31,					Pro Forma Year Ended December 31, 2003(1)
	1999	2000	2001	2002	2003(1)	
	(Dollars in thousands)					
Net income (loss) before preferred dividends	$ 3,919	$25,305	$(13,702)	$(18,608)	$ 966	$ 17,295
Income tax expense (benefit)	(138)	11,301	(8,534)	(14,126)	2,841	11,634
Interest expense	5,205	408	31,565	40,813	43,848	48,349
Depreciation and amortization	18,749	14,395	44,433	56,655	51,264	58,465
EBITDA	$27,735	$51,409	$ 53,762	$ 64,734	$98,919	$135,743

(1) Includes a charge of $5.9 million for a cumulative effect of change in accounting principle.

MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion reflects our historical results of operations, which: (1) do not include results from our 80% interest in the Hawesville facility until we acquired it in April 2001 and (2) do not include our 20% interest in the Hawesville facility until we acquired it in April 2003. It does not reflect our proposed acquisition of Nordural. Accordingly, the results for fiscal years 2001 and 2002 are not fully comparable to the results of operations for fiscal year 2003 and are not indicative of our current business. You should read the following discussion in conjunction with our audited consolidated financial statements included elsewhere in this prospectus supplement.

Overview

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

Our selling price is based on the LME price of primary aluminum and fixed price sales contracts.

Our plants operate near capacity, and fluctuations in volume, other than through acquisitions, generally are small.

The principal components of cost of goods sold are alumina, power, and labor, which were in excess of 70% of the 2003 cost of goods sold. Many of these costs are covered by long-term contracts as described below.

Average realized price and cost of goods sold per pound shipped are key performance indicators. Our revenue varies significantly from period to period due to fluctuations in the LME price of aluminum. Any adverse changes in the conditions that affect the market price of primary aluminum could have a material adverse effect on our results of operations and cash flows. Our revenue is also impacted by our hedging activities. Our working capital is relatively stable. Fluctuations in working capital are influenced by the LME price of primary aluminum and by the timing of cash receipts and disbursements from major customers and suppliers.

Cost of goods sold, excluding alumina, is expected to remain relatively stable because our plants operate near capacity and our major cost drivers are covered by long-term contracts. We expect fluctuations in the cost of alumina because the pricing in these contracts is variable, based on LME prices. Our power contracts provide for primarily fixed priced power through 2005, subject to adjustments for fuel costs for Mt. Holly. Our power usage is expected to be consistent with prior periods. Our labor costs should be consistent with modest increases for negotiated salary and benefit increases.

Through ownership interests in the Mt. Holly, Ravenswood, and Hawesville facilities, we have an annual production capacity of approximately 1.2 billion pounds of primary aluminum.

Key Long-Term Primary Aluminum Sales Contracts

We routinely enter into fixed and market priced contracts for the sale of primary aluminum. A summary of our long-term primary aluminum sales contracts is provided below. See Business Sales and Distribution included elsewhere in this prospectus supplement for further discussion of these contracts.

Contract	Customer	Volume	Term	Pricing
Pechiney Metal Agreement	Pechiney	276 to 324 million pounds per year	Through December 31, 2005	Variable, based on U.S. Midwest market
Original Sales Contract	Glencore	110 million pounds per year	Through December 31, 2004	Fixed price
New Sales Contract	Glencore	110 million pounds per year	January 2005 through December 31, 2009	Variable, LME based
Glencore Metal Agreement	Glencore	45 million pounds per year	January 2004 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	Variable, based on U.S. Midwest market
		60 million pounds per year (standard- grade molten aluminum)	Through December 31, 2008	Variable, based on U.S. Midwest market

Apart from the Pechiney Metal Agreement, Original Sales Contract, New Sales Contract, the Glencore Metal Agreement, and Southwire Metal Agreement, we had forward delivery contracts to sell 351.8 million pounds and 329.0 million pounds of primary aluminum at December 31, 2003 and December 31, 2002, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 70.5 million pounds and 42.9 million pounds of primary aluminum at December 31, 2003 and December 31, 2002, respectively, of which, 53.5 million pounds and 0.3 million pounds at December 31, 2003 and December 31, 2002, respectively, were with Glencore.

Key Long-Term Supply Agreements

Alumina Supply Agreements

We are party to long-term supply agreements with Glencore and Kaiser that supply a fixed quantity of alumina at prices indexed to the price of primary aluminum quoted on the LME. A summary of these agreements is provided below. See Business Facilities and Production included elsewhere in this prospectus supplement for additional discussion of these alumina agreements.

Facility	Supplier	Term	Pricing
Ravenswood	Glencore	Through December 31, 2006	Variable, LME based
Mt. Holly	Glencore	Through December 31, 2006 (54% of requirement)	Variable, LME based
Mt. Holly	Glencore	Through January 31, 2008 (46% of requirement)	Variable, LME based
Hawesville	Kaiser(1)	Through December 31, 2008	Variable, LME based

(1) Kaiser filed for bankruptcy under Chapter 11 of the Bankruptcy Code in February 2002. Subsequent to that date, and with bankruptcy court approval, Kaiser agreed to assume our alumina supply agreement, and it agreed to a new alumina supply agreement for the Hawesville facility for the years 2006 through 2008. To date, Kaiser has continued to supply alumina to us pursuant to the terms of its

agreement. In June 2003, Kaiser announced it was exploring the sale of several of its facilities, including Gramercy. Together with a partner, we are considering purchasing that facility and the related bauxite operations in Jamaica. If we were to acquire the Gramercy facility, the price we would pay for alumina used by the Hawesville facility would be based on the cost of alumina production, rather than the LME price for primary aluminum. Those production costs may be materially higher than an LME-based price. If we were not to purchase the Gramercy facility, and Kaiser or a successor failed to continue to supply alumina to the Hawesville facility pursuant to the terms of the agreements, our costs for alumina could increase substantially, and we may not be able to fully recover damages resulting from breach of those contracts.

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	Ohio Power Company	Through December 31, 2005	Fixed price
Mt. Holly	Santee Cooper	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 2004, 16% unpriced in 2005, 27% unpriced 2006 though 2010

Labor Agreements

Our labor costs at the Ravenswood and Hawesville facilities are subject to the terms of labor contracts which generally have provisions for annual fixed increases in hourly wages and benefits adjustments. The employees at the Mt. Holly facility are employed by Alcoa and are not unionized. A summary of key labor agreements is provided below. See Business Employees and Labor Relations included elsewhere in this prospectus supplement for additional discussion about our work force.

Facility	Organization	Term
Ravenswood	USWA	Through May 31, 2006
Hawesville	USWA	Through March 31, 2006
Mt. Holly	Not Unionized	Not Applicable

Application of Critical Accounting Policies

Our significant accounting policies are discussed in Note 1 of our audited consolidated financial statements. The preparation of the financial statements requires that our 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 our 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 us 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 the Hawesville facility. 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, as the economy recovers, our 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.

The discount rate that we utilize for determining future pension and post employment obligations is based on a review of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. The discount rate determined on this basis has decreased to 6.25% at December 31, 2003 from 6.5% and 7.25% at December 31, 2002 and 2001, respectively.

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, 2003 by approximately $0.2 million. Lowering the discount rate assumptions by 0.5% would have increased our pension expense for the year ended December 31, 2003 by approximately $0.4 million.

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

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.

We assume 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 2003:

	One Percentage Point Increase	One Percentage Point Decrease
	(In thousands)	
Effect on total of service and interest cost components	$ 2,051	$ (1,706)
Effect on accumulated postretirement benefit obligation	$18,126	$(15,707)

Forward Delivery Contracts and Financial Instruments

We routinely enter into fixed and market priced contracts (physical and financial) 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. Those physical delivery contracts that our management believes are probable of future delivery 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, as provided for in current accounting standards, are marked-to-market using the LME spot and forward market for 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 our management to estimate the U.S. Midwest premium. Fluctuations in the LME price of primary aluminum 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) or Net gain (loss) on forward contracts, 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 a significant impact on gains and losses included 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 our audited consolidated financial statements and related notes thereto included elsewhere in this prospectus supplement.

Results of Operations

The following table sets forth, for the years indicated, the percentage relationship to net sales of certain items included in our Statements of Operations. The following table includes the results from our 80% interest in the Hawesville facility since its acquisition on April 1, 2001, and results from our additional 20% interest in the Hawesville facility since its acquisition in April 2003.

	Percentage of Net Sales		
	2001	**2002**	**2003**
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	(96.8)	(97.2)	(93.9)
Gross profit	3.2	2.8	6.1
Selling, general and administrative expenses	(2.9)	(2.2)	(2.6)
Operating income	0.3	0.6	3.5
Interest expense	(4.8)	(5.7)	(5.6)
Interest income	0.1	0.1	0.1
Other income (expense)	0.4	(0.3)	(0.1)
Net gain on forward contracts			3.3
Income (loss) before income taxes, minority interest and cumulative effect of change in accounting principle	(4.0)	(5.3)	1.2
Income tax benefit (expense)	1.3	2.0	(0.4)
Income (loss) before minority interest and cumulative effect of accounting change	(2.7)	(3.3)	0.8
Minority interest	0.6	0.7	0.1
Income (loss) before cumulative effect of change in accounting principle	(2.1)	(2.6)	0.9
Cumulative effect of change in accounting principle			(0.8)
Net income (loss)	(2.1)%	(2.6)%	0.1%

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The following table sets forth, for the periods indicated, the pounds and the average sales price per pound shipped:

	Primary Aluminum	
	Direct	
	Pounds	$/Pound
	(Pounds in thousands)	
2001		
First Quarter	149,274	$0.74
Second Quarter(1)	255,145	0.74
Third Quarter	259,408	0.71
Fourth Quarter	254,616	0.68
Total	918,443	$0.71
2002		
First Quarter	263,019	$0.68
Second Quarter	262,470	0.69
Third Quarter	262,262	0.67
Fourth Quarter	261,544	0.67
Total	1,049,295	$0.68
2003		
First Quarter	257,040	$0.70
Second Quarter(2)	290,023	0.68
Third Quarter	292,567	0.69
Fourth Quarter	286,912	0.72
Total	1,126,542	$0.69

(1) The table includes the results from our 80% interest in the Hawesville facility since its acquisition in April 2001.

(2) The table includes the results from our additional 20% interest in the Hawesville facility since its acquisition in April 2003.

Year Ended December 31, 2003 Compared to Year Ended December 31, 2002

The following discussion reflects our historical results of operations, which do not include results for our additional 20% interest in the Hawesville facility until it was acquired from Glencore in April 2003.

Net Sales. Net sales for the year ended December 31, 2003 increased $71.1 million or 10.0% to $782.5 million. Increased shipment volume of 77.2 million pounds in 2003, primarily associated with the additional 20% interest in the Hawesville facility beginning in April 2003, accounted for $52.4 million of the increase. Higher price realizations for primary aluminum in 2003 were due to an improved LME price for primary aluminum contributed an additional $18.8 million in sales.

Gross Profit. Gross profit for the year ended December 31, 2003 increased $28.0 million or 139.5% to $48.0 million from $20.1 million for the same period in 2002. Increased shipments, primarily from the additional 20% interest in the Hawesville facility beginning in April 2003, improved gross profit by $5.7 million. The remaining $22.3 million improvement in gross profit was a result of lower depreciation and amortization charges, $5.4 million, primarily due to lower amortization charges related to the intangible asset, see Note 1 to our audited consolidated financial statements included elsewhere in this prospectus supplement, reduced charges to cost of goods sold for lower-of-cost or market inventory adjustments, $7.3 million, and improved price realizations net of increased alumina costs, $10.2 million, S-43

other net benefits of $1.0 million, partially offset a charge for the excess cost of spot alumina purchases of $1.6 million due to a production curtailment at a supplier s production facility.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the year ended December 31, 2003 increased $5.1 million to $20.8 million. The increase was primarily a result of a $3.1 million charge related to an executive resignation in 2003. The remaining increase of $2.0 million was a result of increased incentive compensation associated with improved 2003 financial and operational results.

Interest Expense. Interest expense during the year ended December 31, 2003 increased $3.0 million or 7.4% to $43.8 million. The change in interest expense was primarily a result of related party interest expense of $2.6 million associated with the promissory note payable to Glencore.

Other Income/ Expense. Other expense for the year ended December 31, 2003 declined by $1.2 million primarily due to a write-off in 2002 of $1.7 million in deferred costs associated with a prospective acquisition.

Net Gain on Forward Contracts. Net gain on forward contracts for the year ended December 31, 2003 was $25.7 million with no gain or loss reported for the same period in 2002. The gain recorded in 2003 primarily relates to the early termination of a fixed price forward sales contract with Glencore. See Business Sales and Distribution Mt. Holly included elsewhere in this prospectus supplement.

Tax Provision/ Benefit. Income tax provision increased $17.0 million to $2.8 million from an income tax benefit in 2002. The change in income taxes was a result of a pre-tax gain in 2003 compared to a pre-tax loss in 2002. The 2002 tax benefit was affected by a $1.5 million reduction in estimated income taxes payable relating to the reversal of prior period accruals.

Minority Interest. Minority interest reflects Glencore s interest in the net operating results of Century Aluminum of Kentucky, LLC, the limited liability company which holds the power contract for the Hawesville facility. The Minority interest primarily represented the amortization of the power contract. Minority interest for the year ended December 31, 2003 decreased $4.3 million to $1.0 million. The decrease was a result of eliminating the minority interest in April 2003 through our acquisition of Glencore s 20% interest in the Hawesville facility.

Cumulative Effect of Change in Accounting Principle. We adopted SFAS No. 143, Accounting for Asset Retirement Obligations on January 1, 2003. The cumulative effect of adopting this standard was a one-time, non-cash charge of $5.9 million, net of tax of $3.4 million.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

The following discussion reflects our historical results of operations, which do not include results for our 80% interest in the Hawesville facility until it was acquired in April 2001.

Net Sales. Net sales for the year ended December 31, 2002 increased $56.4 million or 8.6% to $711.3 million. Increased shipment volume accounted for $93.3 million of the increase, primarily as a result of a full year of production at the Hawesville facility in 2002 versus a partial year in 2001. Lower price realizations for primary aluminum in 2002 partially offset the volume increase by $36.9 million.

Gross Profit. Gross profit for the year ended December 31, 2002 decreased $0.6 million or 3.1% to $20.1 million from $20.7 million for the same period in 2001. Gross profit remained relatively flat period to period despite an increase in shipments of 130.9 million pounds in 2002, because the additional gross profit from increased shipment volumes in 2002 was offset by (a) declining market prices for primary aluminum which reduced net sales $36.9 million and (b) increased depreciation and amortization charges of $12.2 million, primarily a result of a full year of charges from the Hawesville facility versus nine months in 2001. Gross profit was improved by (a) a reduction of $23.0 million in the cost of alumina purchased under new market based agreements in 2002, (b) reduced charges to cost of goods sold for lower-of-cost or market inventory adjustments, and (c) lower operating costs.

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Selling, General and Administrative Expenses. Selling, general and administrative expenses for the year ended December 31, 2002 decreased to $15.8 million from $18.6 million for the year ended December 31, 2001. The decrease was a result of a charge for bad debts of $4.4 million during the year end December 31, 2001, which was partially offset by additional expenses associated with a full year of charges from the Hawesville facility versus nine months in 2001 and increases in insurance and other expenses.

Interest Expense. Interest expense during the year ended December 31, 2002 increased $9.2 million or 29.3%. The change in interest expense was due to the length of the time the 11 3/4% Senior Secured First Mortgage Notes due 2008 were outstanding. The notes were outstanding for all of 2002 versus nine months in 2001.

Other Income/ Expense. Other expense for the year ended December 31, 2002 was $1.8 million. This compares to Other Income of $2.6 million for the same period in 2001. The Other expense in 2002 was a result of a write-off of $1.7 million in deferred costs associated with a prospective acquisition. Other income of $2.6 million in 2001 resulted principally from the receipt of $3.4 million in settlement of our business interruption and property damage claim with our insurance carrier associated with an illegal work stoppage at the Ravenswood facility in August 1999. This settlement was partially offset by a loss on disposal of assets of $0.9 million during the year ended December 31, 2001.

Tax Provision/ Benefit. Income tax benefit for the year ended December 31, 2002 increased $5.6 million to $14.1 million compared to 2001. The change in income tax benefit was a result of a larger pre-tax loss in 2002 compared to 2001. The change in the 2002 effective tax rate from 2001 was affected by a $1.5 million reduction in 2002 of estimated income taxes payable relating to the reversal of prior period accruals.

Minority Interest. Minority interest reflects Glencore s interest in the net operating results of Century Aluminum of Kentucky, LLC, the limited liability company which holds the power contract for the Hawesville facility. The Minority interest primarily represented Glencore s share of the amortization of the power contract. Minority Interest for the year ended December 31, 2002 increased $1.4 million to $5.3 million from $3.9 million for the year ended December 31, 2001. The increase was a result of including a full year of amortization of the intangible asset in 2002 versus nine months in 2001.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flow from operations and available borrowings under our revolving credit facility. Our principal uses of cash are operating costs, payments of interest on our outstanding debt, the funding of capital expenditures and investments in related businesses, working capital and other general corporate requirements, and common and preferred stock dividends for periods prior to the fourth quarter of 2002.

Debt Service

As of December 31, 2003, we had $344.1 million of indebtedness outstanding, including $322.3 million of principal under the notes, net of unamortized issuance discount, a $14.0 million promissory note payable to Glencore, and $7.8 million in industrial revenue bonds which were assumed in connection with the Hawesville acquisition.

Notes. Interest payments on the 11 3/4% Senior Secured First Mortgage Notes are payable semiannually in arrears beginning on October 15, 2001. Payment obligations under the notes are unconditionally guaranteed by our domestic subsidiaries (other than Century Aluminum of Kentucky) and secured by mortgages and security interests in 80% of the real property, plant and equipment comprising the Hawesville facility and 100% of the same comprising the Ravenswood facility. The notes will mature in 2008. The indenture governing the notes contains customary covenants, including limitations on our ability to pay dividends, incur debt, make investments, sell assets or stock of certain subsidiaries, and purchase or redeem capital stock.

Revolving Credit Facility. Effective April 1, 2001, we entered into a $100.0 million senior secured revolving credit facility with a syndicate of banks. The revolving credit facility will mature on April 2, 2006. Our obligations under the revolving credit facility are unconditionally guaranteed by our domestic subsidiaries (other than Century Aluminum of Kentucky) and secured by a first priority security interest in all accounts receivable and inventory belonging to us and our subsidiary borrowers. The availability of funds under the revolving credit facility is subject to a $30.0 million reserve and limited by a specified borrowing base consisting of certain eligible accounts receivable and inventory. Borrowings under the revolving credit facility are, at our option, at the LIBOR rate or the Fleet National Bank base rate plus, in each case, an applicable interest margin. The applicable interest margin ranges from 2.25% to 3.0% over the LIBOR rate and 0.75% to 1.5% over the base rate and is determined by certain financial measurements of us. There were no outstanding borrowings under the revolving credit facility as of December 31, 2003. Interest periods for LIBOR rate borrowings are one, two, three or six months, at our option. We measure our borrowing base at month-end. During the year ended December 31, 2003, we had a low borrowing base of $47.7 million and a high borrowing base of $68.1 million under the revolving credit facility. We are subject to customary covenants, including limitations on capital expenditures, additional indebtedness, liens, guarantees, mergers and acquisitions, dividends, distributions, capital redemptions and investments. On January 14, 2003, Moody s Investor Service issued an announcement revising its long-term debt ratings for us. Moody s lowered the rating on our senior secured revolving credit facility from Ba2 to Ba3.

Glencore Note Payable. In connection with the acquisition of the remaining 20% interest in the Hawesville facility, we entered into a six-year $40 million promissory note payable to Glencore. Amounts outstanding under the promissory note bear interest at a rate of 10% per annum and are secured by a first priority security interest in the remaining 20% interest in the Hawesville facility we acquired in April 2003. The promissory note matures on April 1, 2009 and requires principal and interest payments semi-annually, with principal payments based on the average closing prices for aluminum quoted on the LME for the six-month period ending two weeks prior to each payment date. Our obligations under the promissory note are guaranteed by each of our consolidated subsidiaries (other than Century Aluminum of Kentucky). In the fourth quarter of 2003, we repaid $26.0 million of outstanding principal under the promissory note payable to Glencore, a $1.0 million required payment and a $25.0 million prepayment of principal, which left $14.0 million in outstanding principal as of December 31, 2003.

Industrial Revenue Bonds. As part of the purchase price for the Hawesville acquisition, we assumed industrial revenue bonds, or IRBs, in the aggregate principal amount of $7.8 million which were issued in connection with the financing of certain solid waste disposal facilities constructed at the Hawesville facility. From April 1, 2001 through April 1, 2003, Glencore assumed 20% of the liability related to the IRBs consistent with its ownership interest in the Hawesville facility. The IRBs mature on April 1, 2028, and bear interest at a variable rate not to exceed 12% per annum determined weekly based upon prevailing rates for similar bonds in the industrial revenue bond market. Interest on the IRBs is paid quarterly. At December 31, 2003, the interest rate on the IRBs was 1.55%. The bonds are classified as current liabilities because they are remarketed weekly and, under the indenture governing the bonds, repayment upon demand could be required if there is a failed remarketing.

The IRBs are secured by a Glencore guaranteed letter of credit. We have agreed to reimburse Glencore for all costs arising from the letter of credit and have secured the reimbursement obligation with a first priority security interest in the 20% interest in the Hawesville facility. Our maximum potential amount of future payments under the reimbursement obligations for the Glencore letter of credit securing the IRBs would be approximately $8.2 million.

Convertible Preferred Stock

In connection with the Hawesville acquisition, we issued $25.0 million of our convertible preferred stock to Glencore. We are required to pay dividends on the preferred stock at a rate of 8% per year, which is cumulative (see Note 8 in our audited consolidated financial statements included elsewhere in this prospectus supplement). The notes and the revolving credit facility impose limitations on our ability to pay

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cash dividends. In accordance with current accounting guidance, no liability for cumulative preferred dividends is recorded until the dividends are declared. As of December 31, 2003, we had total unrecorded cumulative preferred dividend arrearages of $2.5 million or $5.00 per share of preferred stock.

Working Capital

Working capital was $78.5 million at December 31, 2003. We believe that our working capital will be consistent with past experience and that cash flow from operations and borrowing availability under the revolving credit facility should be sufficient to meet working capital needs.

Capital Expenditures

Capital expenditures for 2003 were $18.9 million and were principally related to upgrading production equipment, maintaining facilities and complying with environmental requirements. The revolving credit facility limits our ability to make capital expenditures; however, we believe that the amount permitted will be adequate to maintain our properties and business and comply with environmental requirements. We anticipate that capital expenditures will be approximately $20.0 million in 2004.

Acquisitions, Liquidity and Financing

Our strategic objectives are to grow our aluminum business by pursuing opportunities to acquire primary aluminum reduction facilities which offer favorable investment returns and lower our per unit production costs; diversifying our geographic presence; and pursuing opportunities in bauxite mining and alumina refining. In connection with possible future acquisitions, we may need additional financing, which may be provided in the form of debt or equity. We cannot be certain that any such financing will be available. We anticipate that operating cash flow, together with borrowings under the revolving credit facility, will be sufficient to meet our future debt service obligations as they become due, as well as working capital and capital expenditures requirements. Our ability to meet our liquidity needs, including any and all of our debt service obligations, will depend upon our future operating performance, which will be affected by general economic, financial, competitive, regulatory, business and other factors, many of which are beyond our control. We will continue from time to time to explore additional financing methods and other means to lower our cost of capital, including stock issuances or debt financing and the application of the proceeds to the repayment of bank debt or other indebtedness.

Historical

Our Statements of Cash Flows for the years ended December 31, 2001, 2002 and 2003 are summarized below:

	2001	2002	2003
		(Dollars in thousands)	
Net cash provided by operating activities	$ 38,623	$ 54,486	$ 87,379
Net cash used in investing activities	(382,245)	(18,196)	(78,695)
Net cash (used in) provided by financing activities	324,048	(4,586)	(25,572)
(Decrease) increase in cash	$ (19,574)	$ 31,704	$ (16,888)

Net cash from operating activities in 2003 increased $32.9 million to $87.4 million from the 2002 level. The increase in 2003 was primarily the result of the $35.5 million first quarter termination and settlement of the Original Sales Contract as discussed in Business Sales and Distribution included elsewhere in this prospectus supplement. Gross profit associated with increased shipments of 77.2 million pounds, mainly the result of the April 1, 2003 acquisition of the 20% interest in the Hawesville facility, improved cash provided from operating activities by an additional $5.6 million. Reduced tax refunds of $8.1 million and increased cash payments for interest of $2.0 million, primarily associated with the promissory note payable to Glencore, partially offset the favorable change in cash from operating activities discussed above.

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Net cash from operating activities of $54.5 million in 2002 was $15.9 million more than in 2001. The increase in net cash provided by operating activities in 2002 was primarily a result of a $14.4 million increase in gross profit due to increased shipments of 130.9 million pounds due to a full year of ownership of 80% of the Hawesville facility versus nine months in 2001. Tax refunds of $17.6 million received during the year versus tax payments of $0.9 million in 2001 contributed an additional $18.5 million in net cash from operations in 2002. However, increased net interest payments, primarily a result of a full year of outstanding borrowings under the notes in 2002 versus nine months in 2001, offset these favorable changes by $17.7 million.

Our net cash used in investing activities was $78.7 million in 2003, consisting of $59.8 million for the acquisition of the 20% interest in the Hawesville facility and $18.9 million of capital expenditures. The use of cash for investing activities in 2002 consisted primarily of capital expenditures. The use of cash in 2001 was primarily for the Hawesville acquisition and $14.5 million for capital expenditures.

Net cash used in financing activities in 2003 was a result of paying $26.0 million on the promissory note payable to Glencore. The cash used for financing activities in 2002 related primarily to common and preferred stock dividend payments made during the year. During 2001, the cash provided by financing activities was primarily from borrowings and the issuance of preferred stock related to the Hawesville acquisition and was partially offset by the payment of common and preferred stock dividends.

We believe that cash flow from operations and our unused revolving credit facility will provide sufficient liquidity to meet working capital needs, fund capital improvements, and provide for debt service requirements.

Contractual Obligations

In the normal course of business, we have entered into various contractual obligations that will be settled in cash. These obligations consist primarily of long-term debt obligations and purchase obligations. The expected future cash flows required to meet these obligations are shown in the table below. The purchase obligations consist of long-term supply contracts for alumina and electrical power. The other long-term liabilities include pension, SERB, other postretirement benefits, workers compensation liabilities, asset retirement obligations and estimated deferred tax payments. More information is available on these contractual obligations in our audited consolidated financial statements included elsewhere in this prospectus supplement.

	Payments Due by Period				
	Total	<1 Year	1-3 Years	3-5 Years	>5 Years
	(Dollars in millions)				
Long term debt(1)	$ 346.8	$ 2.0	$ 8.0	$329.0	$ 7.8
Operating lease obligations	0.2	0.2			
Purchase obligations(2)	1290.2	312.6	496.9	242.5	238.2
Other long-term liabilities(3)	185.8	14.5	30.5	25.0	115.7
Total	$1,823.0	$329.3	$535.4	$596.5	$361.7

(1) Long-term debt includes principal repayments on the notes, the promissory note payable to Glencore, and the IRBs. We assumed an LME price of $1,525 per metric ton to determine the principal repayments for the promissory note payable to Glencore. Long-term debt does not include expected interest payments on our long-term debt totaling $196.9 million, of which $39.6 million would be due within a year, $78.2 million due within 1 to 3 years, $76.8 million due within 3 to 5 years, and $2.3 million due 5 years and thereafter. The IRBs interest rate is variable and we estimated future payments based on the December 31, 2003 rate of 1.55%.

(2) Purchase obligations include long-term power and alumina contracts. The alumina contracts are priced as a percentage of the LME price of primary aluminum. We assumed an LME price of $1,525 per metric ton for purposes of calculating expected future cash flows for alumina.

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(3) Other long-term liabilities include our expected pension contributions, OPEB and SERB benefit payments, workers compensation benefit payments, estimated deferred tax payments and asset retirement obligations. Expected benefit payments for the SERB and OPEB plans, which are unfunded, are included for 2004 through 2013. Our estimated contributions to the pension plans are included for 2004 through 2006. Estimated contributions beyond 2006 are not included in the table because these estimates would be heavily dependent upon assumptions about future events, including among other things, future regulatory changes, changes to tax laws, future interest rates levels and future return on plan assets. Asset retirement obligations consist primarily of disposal costs for spent potliner, the amount and timing of these costs are estimated based on the number of our operating pots and their expected pot life.

Environmental Expenditures and Other Contingencies

We have incurred and in the future will continue to incur capital expenditures and operating expenses for matters relating to environmental control, remediation, monitoring and compliance. The aggregate environmental-related accrued liabilities were $1.3 million and $1.4 million at December 31, 2003 and December 31, 2002, respectively. We believe that compliance with current environmental laws and regulations is not likely to have a material adverse effect on our financial condition, results of operations or liquidity; however, environmental laws and regulations may change, and we may become subject to more stringent environmental laws and regulations in the future. There can be no assurance that compliance with more stringent environmental laws and regulations that may be enacted in the future, or future remediation costs, would not have a material adverse effect on our financial condition, results of operations or liquidity.

We have planned environmental capital expenditures of approximately $1.3 million for 2004, $0.4 million for 2005 and $0.2 million for 2006. In addition, we expect to incur operating expenses relating to environmental matters of approximately $4.9 million, $5.0 million, and $5.8 million in each of 2004, 2005 and 2006, respectively. As part of our general capital expenditure plan, we also expect to incur capital expenditures for other capital projects that may, in addition to improving operations, reduce certain environmental impacts. See Business Environmental Matters included elsewhere in this prospectus supplement.

We are a defendant in several actions relating to various aspects of our business. While it is impossible to predict the ultimate disposition of any litigation, we do not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity. See Business Legal Proceedings included elsewhere in this prospectus supplement.

New Accounting Standards

In December 2003, the FASB issued FASB Interpretation, or FIN, No. 46 (revised December 2003), Consolidation of Variable Interest Entities. This Interpretation clarifies the application of Accounting Research Bulletin, or ARB, No. 51, Consolidated Financial Statements and replaces FIN No. 46, Consolidation of Variable Interest Entities. The Interpretation explains how to identify variable interest entities and how an enterprise assesses its interests in a variable interest entity to decide whether to consolidate that entity. The effective date of this Interpretation varies depending on several factors, including public status of the entity, small business issuer status, and whether the public entity currently has any interests in special-purpose entities. We will apply this Interpretation for the first quarter of 2004. We are currently evaluating the provisions of the Interpretation, but do not believe that the application of FIN No. 46 (revised) will have any impact on our audited consolidated financial statements.

Quantitative and Qualitative Disclosures About Market Risk

Commodity Prices

We are exposed to the price of primary aluminum. We manage our exposure to fluctuations in the price of primary aluminum by selling aluminum at fixed prices for future delivery and through financial instruments as well as by purchasing alumina under supply contracts with prices tied to the same indices as our aluminum sales contracts. See Management s Discussion and Analysis Key Long-Term Supply Agreements included elsewhere in this prospectus supplement. Our risk management activities do not include trading or speculative transactions.

Apart from the Pechiney Metal Agreement, the Glencore Metal Agreement, Original Sales Contract, New Sales Contract and Southwire Metal Agreement, we had forward delivery contracts to sell 351.8 million pounds and 329.0 million pounds of primary aluminum at December 31, 2003 and December 31, 2002, respectively. Of these forward delivery contracts, we had fixed price commitments to sell 70.5 million pounds and 42.9 million pounds of primary aluminum at December 31, 2003 and December 31, 2002, respectively, of which, 53.5 million pounds and 0.3 million pounds at December 31, 2003 and December 31, 2002, respectively, were with Glencore.

At December 31, 2003 and December 31, 2002, we had financial instruments, primarily with Glencore, for 102.9 million pounds and 181.0 million pounds of primary aluminum, respectively, of which 58.8 million pounds and 181.0 million pounds, respectively, were designated cash flow hedges. These financial instruments are scheduled for settlement at various dates in 2003 through 2005. Additionally, to mitigate the volatility of the natural gas markets, we enter into fixed price financial purchase contracts for natural gas, accounted for as cash flow hedges, which settle in cash in the period corresponding to the intended usage of natural gas. At December 31, 2003 and December 31, 2002, we had financial instruments for 2.7 million and 1.5 million DTH (one decatherm is equivalent to one million British Thermal Units), respectively. These financial instruments are scheduled for settlement at various dates in 2003 through 2005.

On a hypothetical basis, a $0.01 per pound increase or decrease in the market price of primary aluminum is estimated to have an unfavorable or favorable impact of $0.4 million after tax on accumulated other comprehensive income, for the contracts designated cash flow hedges, and $0.3 million on net income, for the contracts designated as derivatives, as a result of the forward primary aluminum financial sales contracts outstanding at December 31, 2003.

On a hypothetical basis, a $0.50 per DTH decrease or increase in the market price of natural gas is estimated to have an unfavorable or favorable impact of $0.8 million after tax on accumulated other comprehensive income for the year ended December 31, 2003 as a result of the forward natural gas financial purchase contracts outstanding at December 31, 2003.

Our metals and natural gas risk management activities are subject to the control and direction of senior management. The metals related activities are regularly reported to our Board of Directors.

This quantification of our exposure to the commodity price of aluminum is necessarily limited, as it does not take into consideration our inventory or forward delivery contracts, or the offsetting impact upon the sales price of primary aluminum products. Because all of our alumina contracts are indexed to the LME price for aluminum, beginning in 2002, they act as a natural hedge for approximately 25% of our production. As of December 31, 2003, approximately 51% and 25% of our production for the years 2004 and 2005, respectively, was either hedged by the alumina contracts and/or by fixed price forward delivery and financial sales contracts.

Interest Rates

Our primary debt obligations are the outstanding notes, the promissory note payable to Glencore, borrowings under the revolving credit facility, if any, and the industrial revenue bonds we assumed in connection with the Hawesville acquisition. Because the notes and the promissory note payable to

Glencore bear a fixed rate of interest, changes in interest rates do not subject us to changes in future interest expense with respect to these borrowings. Borrowings under the revolving credit facility, if any, are at variable rates at a margin over LIBOR or the Fleet National Bank base rate, as defined in the revolving credit facility. The IRBs bear interest at variable rates determined by reference to the interest rate of similar instruments in the industrial revenue bond market. At December 31, 2003, we had $7.8 million of variable rate borrowings. A hypothetical 1 percentage point increase in the interest rate would increase our annual interest expense by $0.1 million, assuming no debt reduction.

Our primary financial instruments are cash and short-term investments, including cash in bank accounts and other highly rated liquid money market investments and government securities.

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THE ALUMINUM INDUSTRY

Description of Aluminum Production

The production of primary aluminum begins with the mining of bauxite. Bauxite is sent to refineries and processed into alumina, an intermediate material. Approximately two pounds of bauxite are required to produce one pound of alumina. Alumina is then reduced into primary aluminum through an electrolytic reduction process. Approximately two pounds of alumina are required to produce one pound of primary aluminum.

The electrolytic process that separates alumina into its base elements, aluminum and oxygen, takes place in large, carbon-lined steel pots. During the reduction process, significant amounts of electricity flow through each pot. The bottom of each pot acts as a cathode, or negative electrode, and carbon blocks suspended in the pot serve as an anode, or positive electrode. The electrical current passing from the anode to the cathode causes the oxygen in alumina to split off and bond with the carbon in the anode, while pure molten aluminum settles to the bottom of the pot. This molten aluminum is then siphoned off and cast into shapes.

Global Aluminum Demand

The principal sources of demand for aluminum are the transportation industry, the containers and packaging industry and the building and construction industry.

Transportation. The transportation industry accounted for approximately 35% of global aluminum consumption in 2003. Aluminum is used in structural components for a variety of applications including airplanes and other aerospace equipment, automobiles, vans and truck trailers, as well as in engine blocks.

Containers and packaging. The containers and packaging industry accounted for approximately 22% of global aluminum consumption in 2003. This market segment consists mainly of beverage cans, household and institutional foil and semi-rigid aluminum packaging.

Building and construction. The building and construction sector accounted for approximately 17% of global aluminum consumption in 2003. In this sector, aluminum is used primarily for residential, industrial, commercial, farm and highway construction projects. Aluminum is also used for infrastructure applications, including the construction of bridges, electrical towers and transmission lines.

The most significant consumers of aluminum are the U.S., China, Japan and certain countries in Western Europe including Germany, Italy, France and the U.K. The U.S. has had a relatively consistent share of global consumption of between 20% and 23% during the past three years.

Historical Pricing

The most commonly used benchmark for pricing primary aluminum is the price for aluminum transactions quoted on the London Metals Exchange, or LME. The LME price, however, does not represent the actual price paid for all primary aluminum products. For example, products delivered to U.S. customers are generally sold at a premium to the LME price, typically referred to as the U.S. Midwest market price. Historically, this premium has averaged approximately $0.02 to $0.05 per pound. In addition, premiums are charged for adding certain alloys to aluminum for use in specific applications and for casting aluminum into specific shapes, such as extrusion billet or rolling slab.

The average LME cash price was $0.66 per pound for the year ended December 31, 2001, $0.61 per pound for the year ended December 31, 2002 and $0.65 per pound for the year ended December 31, 2003. The graph below illustrates the price of aluminum, as quoted on the LME, over the last 10 years:

Recent Trends in the Primary Aluminum Industry

The primary aluminum industry is currently experiencing a period of strong prices based on favorable production and consumption trends. Spot aluminum prices, as quoted on the LME, averaged $0.75 per pound in the year to date and remain above the five and ten-year averages. We believe that the current strong pricing environment is due to factors that include:

- strengthening global demand for aluminum driven by the global economic recovery and strong demand growth in China;

- a tight market for alumina, the major raw material input for aluminum, that has resulted in a rapid escalation of alumina prices globally; and

- the recent weakening of the U.S. dollar.

Global demand for aluminum increased approximately 7.7% to 60.0 billion pounds in 2003. Global aluminum supply has kept pace with this increase in consumption as global aluminum production increased 7.1% in 2003 to 61.5 billion pounds.

BUSINESS

Overview

We are a leading North American producer of primary aluminum. Our facilities produce value-added and standard-grade primary aluminum products. We are the second largest primary aluminum producer in the United States, behind Alcoa Inc., having produced over 1.1 billion pounds in 2003 with net sales of $782.5 million. With the consummation of the planned Nordural acquisition, as described below, we would have our first facility located outside of the United States and an annual production capacity of approximately 1.4 billion pounds of primary aluminum.

We currently own:

- the Hawesville facility, located in Hawesville, Kentucky, which began operations in 1970 and has an annual production capacity of 538 million pounds of primary aluminum;
- the Ravenswood facility, located in Ravenswood, West Virginia, which began operations in 1957 and has an annual production capacity of 375 million pounds of primary aluminum; and
- a 49.7% ownership interest in the Mt. Holly facility, located in Mt. Holly, South Carolina, which began operations in 1980 and contributes 243 million pounds to our overall annual production capacity and is operated by Alcoa, which holds the remaining 50.3% ownership interest.

For a description of these facilities, see Facilities and Production included elsewhere in this prospectus supplement.

Our strategic objectives are to grow our aluminum business by pursuing opportunities to acquire primary aluminum reduction facilities that offer favorable investment returns and lower our per unit production costs; diversifying our geographic presence; and pursuing opportunities in bauxite mining and alumina refining. To date, our growth activities have been concentrated in acquiring primary aluminum assets. Toward this objective, we:

- acquired an additional 23% interest in the Mt. Holly facility in April 2000;
- acquired an 80% interest in the Hawesville facility in April 2001; and
- acquired the remaining 20% interest in the Hawesville facility in April 2003.

If we complete the planned Nordural acquisition, we will further lower our average per unit production costs. In addition, our annual primary aluminum production capacity of approximately 1.4 billion pounds in 2004 would be 849 million pounds higher than our capacity at the end of 1999, representing a compound annual growth rate of 22%.

Prior to April 1996, we were an indirect, wholly-owned subsidiary of Glencore. In April 1996, we completed an initial public offering of our common stock. As of December 31, 2003, Glencore, our largest shareholder, owned 37.5% of our outstanding common stock and all of our outstanding convertible preferred stock.

Acquisitions

Additional Interest in the Mt. Holly Facility. On April 1, 2000, we increased our 26.7% interest in the Mt. Holly facility to 49.7% when Berkeley Aluminum, Inc., a direct subsidiary of Century Aluminum Company, purchased an additional 23% interest from an affiliate of Xstrata AG, for $94.7 million. Glencore is a major shareholder of Xstrata AG.

80% Interest in the Hawesville Facility. Effective April 1, 2001, we completed the acquisition of the Hawesville facility from Southwire Company, a privately-held wire and cable manufacturing company. The purchase price was $466.8 million, which was paid with proceeds from the issuance of $325.0 million of our senior secured notes, the sale of 500,000 shares of our convertible preferred stock to Glencore for $25.0 million, the sale of a 20% interest in the facility to Glencore for $99.0 million and available cash. As

part of the acquisition, we and Glencore each assumed a pro rata share of industrial revenue bonds related to the Hawesville facility in the principal amount of $7.8 million and agreed to make additional post-closing payments to Southwire of up to $7.0 million if the LME price for primary aluminum exceeds specified levels during any of the seven years following the acquisition. No post-closing payments were made to Southwire through December 31, 2003; however, if LME prices remain at or above current levels, Southwire would be entitled to receive the entire $7.0 million in 2005.

Remaining Interest in the Hawesville Facility. On April 1, 2003, we acquired the remaining 20% interest in the Hawesville facility from Glencore for a purchase price of $99.4 million. As a result of this acquisition, we own all of the Hawesville facility. We also assumed full responsibility for payments of principal and interest on the industrial revenue bonds and for any post-closing payments owed to Southwire under the terms of the purchase agreement. We paid $59.4 million of the purchase price in cash and financed the balance by issuing a six-year $40.0 million note to Glencore bearing interest at a rate of 10% per annum. In the fourth quarter of 2003, we repaid $26.0 million of principal under the note, which left $14.0 million in outstanding principal as of December 31, 2003.

The Planned Nordural Acquisition

On March 28, 2004, we entered into an amended and restated stock purchase agreement with Columbia Ventures Corporation to acquire 100% of the outstanding equity shares of its wholly-owned subsidiary, Nordural hf. Nordural is an Icelandic company that owns and operates the Nordural facility, a primary aluminum reduction facility located in Grundartangi, Iceland, approximately 25 miles northwest of Reykjavik, Iceland s capital. The Nordural facility, built in 1998, would be our most recently constructed and lowest cost facility. It currently has an annual production capacity of approximately 198 million pounds, which would increase to approximately 397 million pounds upon completion of a planned expansion of the Nordural facility. For a more complete description of our planned acquisition of the Nordural facility, see The Planned Nordural Acquisition .

Facilities and Production

Hawesville facility

The Hawesville facility is owned by NSA Ltd. and Hancock Aluminum, LLC and operated by Century Aluminum of Kentucky, LLC, each a wholly-owned direct or indirect subsidiary of Century Aluminum Company. The Hawesville facility, strategically located on the Ohio River near Hawesville, Kentucky, began operations in 1970 and has an annual production capacity of 538 million pounds.

The Hawesville facility s original four potlines have an annual production capacity of approximately 426 million pounds and are specially configured and operated so as to produce primary aluminum with a high purity level. The average purity level of primary aluminum produced by these potlines is 99.9%, compared to standard-purity aluminum, which is approximately 99.7%. This high-purity primary aluminum provides the conductivity required by Hawesville s largest customer, Southwire, for its electrical wire and cable products, as well as for certain aerospace applications. In September 1999, a fifth potline became operational, with an annual capacity of approximately 112 million pounds of standard-purity aluminum.

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The following table shows primary aluminum shipments from the Hawesville facility during each of the periods indicated:

Hawesville Facility Primary Aluminum Shipments

	Year Ended December 31,		
	2001(1)	**2002(2)**	**2003(3)**
	(In millions of pounds)		
Molten aluminum	295.9	303.2	310.3
Primary aluminum ingot	114.7	131.7	159.8
Foundry alloys	121.2	104.3	70.8
Total	531.8	539.2	540.9

(1) Effective April 1, 2001, we completed the acquisition of the Hawesville facility from Southwire. Concurrently with the acquisition, we effectively sold a 20% interest in the Hawesville facility to Glencore. Shipments for the year ended December 31, 2001 include 133.5 million pounds shipped by Southwire and 79.7 million pounds shipped by Glencore.

(2) Shipments for the year ended December 31, 2002 include 108.4 million pounds shipped by Glencore.

(3) Effective April 1, 2003, we completed the acquisition of the remaining 20% interest in the Hawesville facility. Shipments for the year ended December 31, 2003 include 27.1 million pounds shipped by Glencore.

The alumina used by the Hawesville facility is purchased under supply contracts with an affiliate of Kaiser which run through December 31, 2008. The price for alumina purchased under these contracts, which supply all of the Hawesville facility s requirements, is variable and determined by reference to the price for primary aluminum quoted on the LME. Kaiser is presently a debtor in a pending Chapter 11 bankruptcy case and is soliciting proposals to purchase its Gramercy, Louisiana, alumina facility which presently supplies alumina under these contracts. See Risk Factors Changes or disruptions to our current alumina supply arrangements could increase our raw material costs included elsewhere in this prospectus supplement.

The Hawesville facility purchases all of its power from Kenergy Corp., a local retail electric cooperative, under a power supply contract that expires at the end of 2010. Kenergy acquires most of the power it provides to the Hawesville facility from a subsidiary of LG&E Energy Corp., with delivery guaranteed by LG&E. The Hawesville facility currently purchases all of its power from Kenergy at fixed prices. Approximately 16% of the Hawesville facility s power requirements are unpriced for calendar year 2005. The unpriced portion of the contract increases to approximately 27% in 2006.

Ravenswood facility

The Ravenswood facility is owned and operated by Century Aluminum of West Virginia, or Century of West Virginia, a direct subsidiary of Century Aluminum Company. Built in 1957, the Ravenswood facility operates four potlines with an annual production capacity of 375 million pounds. The facility is strategically located on the Ohio River in Ravenswood, West Virginia.

The Ravenswood facility produces molten aluminum that is delivered to Pechiney s adjacent rolling facility and standard-grade ingot that we sell in the marketplace. Alcan has agreed to sell the Pechiney rolling facility in connection with its merger with Pechiney. See Risk Factors We have reduced our casting and shipping costs by selling molten aluminum to major customers located adjacent to our Ravenswood and Hawesville facilities; the loss of one of these major customers would increase our production costs at those facilities included elsewhere in this prospectus supplement.

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The following table shows primary aluminum shipments from the Ravenswood facility during each of the periods indicated:

Ravenswood Facility Primary Aluminum Shipments

	Year Ended December 31,		
	2001	2002(1)	2003
	(In millions of pounds)		
Molten aluminum	291.3	309.1	288.4
Standard-grade primary aluminum ingot	73.6	72.5	86.9
Total	364.9	381.6	375.3

(1) Shipments for the year ended December 31, 2002 include 6 million pounds of standard-grade primary aluminum ingot purchased and resold.

Since January 1, 2002, the alumina used at the Ravenswood facility has been supplied by Glencore under a five-year contract at a variable price determined by reference to the LME price for primary aluminum. We purchase the electricity used at the Ravenswood facility under a fixed-price power supply contract with Ohio Power, a subsidiary of American Electric Power, which runs through December 31, 2005.

Mt. Holly facility

The Mt. Holly facility, located in Mt. Holly, South Carolina, began operations in 1980 and is the most recently constructed aluminum reduction facility in the United States. The facility consists of two potlines with a total annual production capacity of 489 million pounds and casting equipment used to cast molten aluminum into standard-grade ingot, extrusion billet and other value-added primary aluminum products. Value-added primary aluminum products are sold at higher prices than standard-grade primary aluminum. Our 49.7% interest represents 243 million pounds of the facility s production capacity.

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

The following table shows our primary aluminum shipments from the Mt. Holly facility during each of the periods indicated:

Mt. Holly Facility Primary Aluminum Shipments

	Year Ended December 31,		
	2001	2002	2003
	(In millions of pounds)		
Standard-grade primary aluminum ingot	104.1	113.4	119.5
Rolling ingot, foundry alloys and extrusion billets	130.6	122.7	118.0
Total	234.7	236.1	237.5

Glencore supplies all of our alumina requirements for the Mt. Holly facility under contracts which expire on December 31, 2006 and January 31, 2008. The price under both contracts is determined by reference to the quoted LME price for primary aluminum.

The Mt. Holly facility purchases all of its power from the South Carolina Public Service Authority, also called Santee Cooper, at rates fixed by published schedules. The Mt. Holly facility s power contract was to expire on December 31, 2005. In July 2003, a new contract was entered into to supply all of the Mt. Holly facility s power requirements through 2015. Power delivered through 2010 will be priced as set forth in currently published schedules, subject to adjustments for fuel costs. Rates for the period 2011 through 2015 will be as provided under then-applicable schedules.

Sales and Distribution

The majority of the primary aluminum produced at our facilities is sold to a limited number of customers. We derived a combined total of approximately 66% of our 2003 consolidated sales from Pechiney, Southwire and Glencore, our three largest customers. Out of total revenues of $782.5 million for 2003, sales to Pechiney represented $198.4 million, or 25% of our total revenues, sales to Southwire represented $199.4 million, or 25% of our total revenues and sales to Glencore represented $121.9 million or 16% of our total revenues. The remaining $262.8 million, or 34% of our total revenues, represented sales to approximately 50 customers.

Hawesville facility

Sales of primary aluminum to Southwire accounted for $199.4 million, or 56% of our revenues from the Hawesville facility in 2003. Sales to third parties other than Southwire accounted for the remaining $153.9 million, or 44% of our revenues from the Hawesville facility during 2003. In connection with our acquisition of the Hawesville facility in April 2001, we entered into a ten-year contract with Southwire to supply 240 million pounds of high-purity molten aluminum annually to Southwire s wire and cable manufacturing facility located adjacent to the Hawesville facility. Under this contract, Southwire agreed to purchase 60 million pounds of standard-grade molten aluminum each year for the first five years of the contract, with an option to purchase an equal amount each of the remaining five years. Southwire has exercised this option through 2008. Prior to April 2003, we and Glencore supplied the aluminum delivered under this contract on a pro rata basis; we were responsible for 80% and Glencore was responsible for the remaining 20%. On April 1, 2003, we assumed Glencore s delivery obligations under this contract. The price for the molten aluminum delivered to Southwire from the Hawesville facility is variable and determined by reference to the U.S. Midwest market price. The contract expires on March 31, 2011 and will automatically renew for additional five-year terms, unless either party provides 12 months notice that it has elected not to renew.

In connection with our acquisition of the remaining 20% interest in the Hawesville facility in April 2003, we entered into a ten-year contract under which Glencore agreed to purchase approximately 45 million pounds per year of primary aluminum produced at the Ravenswood and Mt. Holly facilities from 2004 through 2013 at variable prices based on the U.S. Midwest market price (subject to adjustment if the U.S. Midwest market premium over the LME price exceeds or falls below a specified range).

Ravenswood facility

Sales of primary aluminum to Pechiney represented $192.9 million, or 74% of our revenues from the Ravenswood facility in 2003. Sales to parties other than Pechiney represented $67.3 million or 26% of Ravenswood s revenues in 2003. We have a contract with Pechiney under which it purchases 23 to 27 million pounds per month of molten aluminum produced at the Ravenswood facility through December 31, 2005. This contract will be automatically extended through July 31, 2007 provided that our power contract for the Ravenswood facility is extended or replaced through that date. The price for primary aluminum delivered under this contract is variable and determined by reference to the U.S. Midwest market price. This contract allows us to deliver molten aluminum, thereby reducing our casting and shipping costs. Pechiney has the right, upon twelve month s notice, to reduce its purchase obligations by 50% under the contract. Alcan has agreed with the U.S. Department of Justice to sell the Pechiney rolling mill in connection with its merger with Pechiney. While any buyer of the rolling mill would be expected to assume Pechiney s obligations under our existing contract, we may require different terms or terminate that contract if the buyer is not deemed to be creditworthy. If this contract is terminated, or if the buyer materially reduces its purchases or fails to renew the contract when it expires, our casting, shipping and marketing costs at the Ravenswood facility would increase. See Risk Factors We have reduced our casting and shipping costs by selling molten aluminum to major customers located adjacent to our Ravenswood and Hawesville facilities; the loss of one of these major customers would increase our production costs at those facilities included elsewhere in this prospectus supplement.

Mt. Holly facility

Sales of primary aluminum to Glencore represented $91.4 million, or 54% of our revenues from the Mt. Holly facility in 2003. Sales to third parties other than Glencore represented $77.6 million, or 46% of revenues from the Mt. Holly facility in 2003. We had a contract to sell to Glencore approximately 110 million pounds of primary aluminum produced at the Mt. Holly facility each year through December 31, 2009 at prices which were fixed from 2002 through 2009. In January 2003, we agreed to terminate and settle this contract for the years 2005 through 2009. At that time, we entered into a new contract with Glencore that requires us to deliver the same quantity of primary aluminum as did the original contract for those years. The new contract provides for variable pricing determined by reference to the LME price for primary aluminum for the years 2005 through 2009. For deliveries through 2004, the price for primary aluminum delivered will remain fixed.

Prior to the January 2003 agreement to terminate and settle the years 2005 through 2009 of our original contract with Glencore, we had been classifying and accounting for it as a normal sales contract under Statement of Financial Accounting Standard, or SFAS, No. 133, Accounting for Derivative Instruments and Hedging Activities. A contract that is so designated and that meets other conditions established by SFAS No. 133 is exempt from the requirements of SFAS No. 133, although by its term the contract would otherwise be accounted for as a derivative instrument. Accordingly, prior to January 2003, the original contract was recorded on an accrual basis of accounting and changes in the fair value of the original contract were not recognized.

According to SFAS No. 133, it must be probable that at inception and throughout its term, a contract classified as normal will not result in a net settlement and will result in physical delivery. In April 2003, we net settled with Glencore a significant portion of the original contract, and it no longer qualified for the normal exception of SFAS No. 133. We marked the original contract to current fair value in its entirety. Accordingly, in the first quarter of 2003, we recorded a derivative asset and a pre-tax gain of $41.7 million. Of the total recorded gain, $26.1 million related to the favorable terms of the original contract for the years 2005 through 2009, and $15.6 million related to the favorable terms of the original contract for 2003 through 2004.

We determined the fair value by estimating the excess of the contractual cash flows of the original contract (using contractual prices and quantities) above the estimated cash flows of a contract based on identical quantities using LME-quoted prevailing forward market prices for aluminum plus an estimated U.S. Midwest premium adjusted for delivery considerations. We discounted the excess estimated cash flows to present value using a discount rate of 7%.

On April 1, 2003, we received $35.5 million from Glencore, $26.1 million of which relates to the settlement of the original contract for the years 2005 through 2009, and $9.4 million of which represents the fair value of the new contracts, discussed below. We will account for the unsettled portion of the original contract (years 2003 and 2004) as a derivative and will recognize period-to-period changes in fair value in current income. We will also account for the new contract as a derivative instrument under SFAS No. 133. We have not designated the new contract as normal because it replaces and substitutes for a significant portion of the original contract which, after January 2003, no longer qualified for this designation. The $9.4 million initial fair value of the new contract is a derivative liability and represents the present value of the contract s favorable term to Glencore in that the new contract excludes from its variable price an estimated U.S. Midwest premium, adjusted for delivery considerations. Because the new contract 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. See Note 13 to our audited consolidated financial statements included elsewhere in this prospectus supplement.

Pricing and Risk Management

Our operating results are sensitive to changes in the price of primary aluminum and the raw materials used in its production. As a result, we try to mitigate the effects of fluctuations in primary aluminum and raw material prices through the use of various fixed-price commitments and financial instruments.

Pricing

We offer a number of pricing alternatives to our customers that, combined with our metals risk management activities, are designed to lock in a certain level of price stability on our primary aluminum sales. Pricing of our products is generally offered either at a fixed-price, where the customer pays an agreed-upon price over an extended period of time, or an indexed or market price, where the customer pays an agreed-upon premium over the LME price or relative to other market indices.

Risk Management

We manage our exposure to fluctuations in the price of primary aluminum by selling primary aluminum at fixed prices for future delivery, through financial instruments, and by purchasing alumina under supply contracts with prices tied to the same indices as our aluminum sales contracts. To mitigate the volatility of natural gas markets, we enter into fixed price financial purchase contracts. Our metals and natural gas risk management activities are subject to the control and direction of our senior management and are regularly reported to our board of directors. Our risk management activities do not include trading or speculative transactions.

Competition

The market for primary aluminum is diverse and highly competitive. We compete in the production and sale of primary aluminum with numerous other producers. Our principal competitors are Alcoa, Alcan and various other smaller primary aluminum producers. Aluminum also competes with other materials such as steel, plastic and glass which may be used as alternatives for some applications based upon functionality and relative pricing.

We believe that we compete on the basis of quality, price, timeliness of delivery and customer service. Some of our competitors have substantially greater manufacturing and financial resources, and some have cost structures that are more advantageous than ours. We anticipate that continuing industry consolidation will intensify competition and further emphasize the importance of cost-efficient operations.

Environmental Matters

We are subject to various environmental laws and regulations. We have spent, and expect to spend, significant amounts for compliance with those laws and regulations. In addition, some of our past manufacturing activities have resulted in environmental consequences which require remedial measures. Under certain environmental laws which may impose liability regardless of fault, we may be liable for the costs of remediation of contaminated property, including our currently and formerly owned or operated properties or adjacent areas, or for the amelioration of damage to natural resources. We believe, based on information currently available to our management, that our current environmental liabilities are not likely to have a material adverse effect on us. However, we cannot predict the requirements of future environmental laws and future requirements at current or formerly owned or operated properties or adjacent areas. Such future requirements may result in liabilities which may have a material adverse effect on our financial condition, results of operations or liquidity.

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The 1990 amendments to the U.S. Clean Air Act impose stringent standards on the aluminum industry s air emissions. These amendments affect our operations as technology-based standards relating to reduction facilities and carbon plants have been instituted. Although we cannot predict with certainty how much we will be required to spend to comply with these standards, our general capital expenditure plan includes certain projects designed to improve our compliance with both known and anticipated air emissions requirements.

We have planned capital expenditures related to environmental matters at all of our facilities of approximately $1.3 million in 2004, $0.4 million in 2005 and $0.2 million in 2006. In addition, we expect to incur operating expenses relating to environmental matters of approximately $4.9 million in 2004, $5.0 million in 2005 and $5.8 million in 2006. None of these amounts include projected capital expenditures or operating expenses for the Nordural facility. As part of our general capital expenditures plan, we also expect to incur capital expenditures for other capital projects that may, in addition to improving operations, reduce certain environmental impacts.

Our policy is to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that we are liable and the associated costs can be reasonably estimated. The aggregate environmental related accrued liabilities were $1.4 million at December 31, 2002 and $1.3 million at December 31, 2003. All accrued amounts have been recorded without giving effect to any possible future recoveries. With respect to ongoing environmental compliance costs, including maintenance and monitoring, we expense the costs when incurred.

Ravenswood Facility

Century of West Virginia is performing certain remedial measures at its Ravenswood facility pursuant to an order issued by the Environmental Protection Agency, or EPA, in 1994. Century of West Virginia also conducted a facility investigation under the order evaluating other areas at Ravenswood that may have contamination requiring remediation. A report of the investigation was submitted to the EPA in December 1999. Century of West Virginia, in consultation with the EPA, has completed interim remediation measures at two sites identified in the report and we expect that neither the EPA, nor the State of West Virginia, will require further remediation under the order. We believe a significant portion of the contamination on the two identified sites is attributable to the operations of Kaiser, which had previously owned and operated the Ravenswood facility, and will be the financial responsibility of Kaiser.

Kaiser owned and operated the Ravenswood facility for approximately 30 years before Century of West Virginia acquired it. Many of the conditions that Century of West Virginia is remedying exist because of activities that occurred during Kaiser s ownership and operation. Under the terms of the purchase agreement for the Ravenswood facility, Kaiser retained responsibility to pay the costs of cleanup of those conditions. In addition, Kaiser retained title to certain land within the Ravenswood premises and is responsible for those areas. On February 12, 2002, Kaiser and certain wholly-owned subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code. We believe that the bankruptcy will not relieve Kaiser of its responsibilities as to some of the remedial measures performed at the Ravenswood facility. We cannot be certain of the ultimate outcome of the bankruptcy and, accordingly, we may be unable to hold Kaiser responsible for its share of remedial measures.

Under the terms of the agreement to sell our fabricating businesses to Pechiney, Century Aluminum Company and Century of West Virginia provided Pechiney with certain indemnifications. Those include the assignment of some of Century of West Virginia s indemnification rights under the Kaiser purchase agreement with respect to the real property transferred to Pechiney and our indemnification rights under our stock purchase agreement with Alcoa relating to our purchase of Century Cast Plate, Inc. The Pechiney agreement provides further indemnifications, which are limited, in general, to pre-closing conditions that were not disclosed to Pechiney and to off-site migration of hazardous substances from pre-closing acts or omissions of Century of West Virginia. Environmental indemnifications under the Pechiney agreement expire September 20, 2005 and are payable only to the extent that they exceed $2.0 million. Payments under this indemnification would be limited to $25.0 million for on-site liabilities, but there is no limit on potential future payments for any off-site liabilities. We do not believe there are any undisclosed pre-closing conditions or known off-site migration of hazardous substances, and we do not believe that we will be required to make any potential future payments under this indemnification.

Mt. Holly Facility

We are not aware of any material cost of environmental compliance or any material environmental liability for which we would be responsible at the Mt. Holly facility.

Hawesville Facility

On July 6, 2000, while the Hawesville facility was owned by Southwire, the EPA issued a final record of decision under the federal Comprehensive Environmental Response, Compensation and Liability Act. The record of decision detailed response actions to be implemented at several locations at the Hawesville site to address actual or threatened releases of hazardous substances. Those actions include:

removal and off-site disposal at approved landfills of certain soils contaminated by polychlorinated biphenyls, or PCBs;

management and containment of soils and sediments with low PCB contamination in certain areas on-site; and

the continued extraction and treatment of cyanide contaminated ground water using the existing ground water treatment system.

Under our agreement with Southwire to purchase the Hawesville facility, Southwire indemnified us against all on-site environmental liabilities known to exist prior to the closing of the acquisition, including all remediation, operation and maintenance obligations under the record of decision. The total costs for the remedial actions to be undertaken and paid for by Southwire relative to these liabilities are estimated to be $12.6 million under the record of decision and the forecast of annual operating and maintenance costs is $1.2 million. We operate and maintain the groundwater treatment system required under the record of decision on behalf of Southwire and Southwire is required to reimburse us for any expense that exceeds $0.4 million annually.

If on-site environmental liabilities relating to pre-closing activities at the Hawesville facility that were not known to exist as of the date the acquisition closed, become known before March 31, 2007, we will share the costs of remedial action with Southwire on a sliding scale depending on the year the liability is identified. We will be solely responsible for any on-site environmental liabilities arising from pre-closing activities that do not become known until on or after March 31, 2007. In addition, we will be responsible for any post-closing environmental costs that result from a change in environmental laws after the closing or from our own activities, including a change in the use of the facility. In addition, Southwire indemnified us against all risks associated with off-site hazardous material disposals by the Hawesville facility which pre-date the closing of the acquisition.

We acquired the Hawesville facility by purchasing all of the outstanding equity securities of Metalsco, a wholly-owned subsidiary of Southwire. Metalsco previously owned certain assets which are unrelated to the Hawesville facility s operations, including the stock of Gaston Copper Recycling Corporation, or Gaston, a secondary metals reduction facility in South Carolina. Gaston has numerous liabilities related to environmental conditions at its recycling facility. Gaston and all other assets owned at any time by Metalsco which were unrelated to the Hawesville facility were identified in our agreement with Southwire as unwanted property and were distributed to Southwire before the closing of the Hawesville acquisition. Southwire indemnified us for all liabilities related to the unwanted property. Southwire also retained ownership of certain land adjacent to the Hawesville facility containing Hawesville s former potliner disposal areas, which are the sources of cyanide contamination in the facility s groundwater. Southwire retained full responsibility for this land, which was never owned by Metalsco and is located on the north boundary of the Hawesville site.

Southwire has secured its indemnity obligations to us for environmental liabilities until April 1, 2008, by posting a $14.2 million letter of credit issued in our favor, with an additional $15.0 million to be posted if Southwire s net worth drops below a pre-determined level during that period. The amount of security Southwire provides may increase (but not above $14.7 million or $29.7 million, as applicable) or decrease (but not below $3.0 million) if certain specified conditions are met. We cannot be certain that Southwire will be able to meet its indemnity obligations when and if they arise. If Southwire is unable to meet its indemnity obligations, under certain environmental laws which impose liability regardless of fault, we may be liable for any outstanding remedial measures required under the record of decision and for certain liabilities related to the unwanted properties. Southwire s failure to meet its indemnity obligations or any significant increase in our anticipated shared or assumed liability could have a material adverse effect on our financial condition, results of operations and liquidity.

Vialco

We are a party to an administrative order on consent with the EPA pursuant to which we and other past and present owners of an alumina facility at St. Croix, Virgin Islands, have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on top of groundwater underlying the facility. Pursuant to the Hydrocarbon Recovery Plan, recovered hydrocarbons and groundwater will be delivered to the adjacent petroleum refinery where they will be received and managed. Lockheed Martin Corporation, which sold the facility to our Virgin Islands Alumina Corporation, or Vialco, subsidiary in 1989, has tendered indemnity and defense of this matter to Vialco pursuant to terms of the asset purchase agreement between Lockheed and Vialco. Our management does not believe Vialco s liability under the order or its indemnity to Lockheed will require material payments. Through December 31, 2003, we spent approximately $0.4 million on the recovery plan. Although there is no limit on our obligation to make these indemnification payments, we expect that the future potential payments will be approximately $0.2 million, which may be offset in part by sales of recoverable hydrocarbons.

Employees and Labor Relations

We employ a work force of approximately 1,450 persons, consisting of 1,160 hourly employees and 290 salaried employees. We have approximately 540 hourly employees and 110 salaried employees at the Ravenswood facility, and approximately 620 hourly employees and 167 salaried employees at the Hawesville facility. The hourly employees at the Ravenswood and Hawesville facilities are represented by the USWA. The employees at the Mt. Holly facility are employed by Alcoa and are not unionized. Our corporate office, located in Monterey, California, has 13 salaried employees.

The hourly employees at the Ravenswood facility are covered by a labor agreement with the USWA that expires May 31, 2006. The agreement calls for fixed increases in hourly wages and provides for certain benefit adjustments each year.

In connection with the Hawesville acquisition, we negotiated a five-year collective bargaining agreement, expiring March 31, 2006, which covers all of the represented hourly employees at the Hawesville facility. The agreement provides for fixed increases in hourly wages in the first, third, fourth and fifth years and certain benefit adjustments over the life of the agreement.

We maintain noncontributory defined benefit pension plans for all hourly and salaried employees and we contribute to a multi-employer benefit plan for the hourly employees at the Hawesville facility. In addition, we maintain post-retirement healthcare and life insurance benefit plans and defined contribution 401(k) plans for our salaried and hourly employees. Our management believes that relations with our employees are good.

Legal Proceedings

Prior to Kaiser s bankruptcy, we were a named defendant, along with Kaiser and many other companies, in civil actions in various jurisdictions brought by employees of third party contractors who alleged asbestos-related diseases arising out of exposure at facilities where they worked, including the

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Ravenswood facility. All of those actions relating to the Ravenswood facility have been dismissed or settled with respect to us and Kaiser. Only 14 plaintiffs were able to show they had been on the Ravenswood premises during the period we owned the plant, and the parties agreed to settle all of those claims for non-material amounts. We are awaiting receipt of final documentation of those settlements and the entry of dismissal orders. We do not expect Kaiser s bankruptcy will have any effect on the settlements reached on those asbestos claims. Since Kaiser s bankruptcy, we were named in an additional 82 civil actions based on similar allegations with unspecified monetary claims against us. Three of these civil actions have been dismissed and we do not know if any of the remaining 79 claimants were in the Ravenswood facility during our ownership, but our management believes that the costs of investigation or settlements, if any, will be immaterial.

We have pending against us or may be subject to various other lawsuits, claims and proceedings related primarily to employment, commercial, environmental and safety and health matters. Although it is not presently possible to determine the outcome of these matters, our management believes the ultimate disposition will not have a material adverse effect on our financial condition, results of operations, or liquidity. For a description of certain environmental matters involving our company, see Environmental Matters included elsewhere in this prospectus supplement.

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MANAGEMENT

Executive Officers

The following table sets forth certain information concerning our executive officers. Each such person serves at the discretion of our board of directors.

Name	Age	Business Experience and Principal Occupation or Employment During the Past 5 Years; Positions Held with Century Aluminum
Craig A. Davis(1)	63	Our Chairman for more than five years; our Chief Executive Officer for more than five years.
Gerald J. Kitchen	63	Our Executive Vice President, General Counsel and Chief Administrative Officer for more than five years.
David W. Beckley	59	Our Executive Vice President and Chief Financial Officer for more than five years.
E. Jack Gates	62	Our Executive Vice President since April 2003; President, Reduction Operations since October 2003; Chief Operating Officer since December 2000; President and Chief Executive Officer of F.G. Pruitt, Inc., from 1997 until December 2000; various management positions with Reynolds Metals Company from 1964 until 1997.
Daniel J. Krofcheck	50	Our Vice President and Treasurer for more than five years.
Steve Schneider	48	Our Vice President and Corporate Controller since April 2002; our Corporate Controller since April 2001; Private Business Consultant from 2000 through April 2001; various management positions with Alcoa from 1977 until 2000.
Peter C. McGuire	56	Our Vice President and Associate General Counsel since April 2002; Our Associate General Counsel for more than five years; senior attorney of Kenetech Company for more than five years through 1998.

(1) Mr. Davis, who served as our Chief Executive Officer prior to January 1, 2003, was elected our Chief Executive Officer on October 15, 2003.

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Directors

Our Board of Directors consists of eight members, divided into three classes. Directors in each class are elected to serve for three-year terms, with each class standing for election in successive years.

Directors with Terms to Expire in 2004

Name and Age		Business Experience and Principal Occupation or Employment During Past 5 Years; Other Directorships	Director Since
John C. Fontaine(1)(2)(3)	72	Of Counsel, law firm of Hughes Hubbard & Reed LLP since January 2000 and partner from July 1997 to December 1999; President of Knight-Ridder, Inc. from July 1995 to July 1997; Chairman of the Samuel H. Kress Foundation; Trustee of the National Gallery of Art.	1996
John P. O Brien(1)(2)(3)(4)	62	Managing Director of Inglewood Associates Inc. since 1990; Chairman of Allied Construction Products since March 1993; Director of Oglebay Norton Company since April 2003; Director of International Total Services, Inc. from August 1999 to January 2003; Director of American Italian Pasta Company from March 1997 to November 2002; Chairman and CEO of Jeffrey Mining Products L.P. from October 1995 to June 1999.	2000

Directors with Terms to Expire in 2005

Name and Age		Business Experience and Principal Occupation or Employment During Past 5 Years; Other Directorships	Director Since
Craig A. Davis	63	Our Chief Executive Officer since October 15, 2003; our Chairman of the Board since August 1995; our Chairman and Chief Executive Officer from August 1995 to December 2002; Director of Glencore International AG since December 1993 and Executive of Glencore from September 1990 to June 1996.	1995
Robert E. Fishman, Ph.D.(3)	52	Senior Vice President of Calpine Corporation since 2001; President of PB Power, Inc. from 1998 to 2001 and Senior Vice President from 1991 to 1998.	2002
William R. Hampshire(2)	76	Our Vice-Chairman of the Board since August 1995; independent consultant since 1990; former President and Chief Executive Officer of Howmet Aluminum Corporation.	1995

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Directors with Terms to Expire in 2006

Name and Age		Business Experience and Principal Occupation or Employment During Past 5 Years; Other Directorships	Director Since
Roman A. Bninski	57	Partner, law firm of Curtis, Mallet-Prevost, Colt & Mosle LLP, New York, New York since 1984.	1996
Stuart M. Schreiber	50	Founder and Managing Director of Integis, Inc. since 1997; former partner of Heidrick & Struggles from 1988 to 1997.	1999
Willy R. Strothotte(1)(5)	59	Chairman of the Board of Glencore International AG since 1994 and Chief Executive Officer from 1993 to December 2001; Chairman of the Board of Xstrata AG (formerly Südelektra Holding AG) since 1990.	1996

(1) Member of Nominating Committee.

(2) Member of Compensation Committee.

(3) Member of Audit Committee.

(4) Audit committee financial expert.

(5) Mr. Strothotte was designated to serve as one of our directors by Glencore International AG.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information concerning the beneficial ownership of our common stock as of March 23, 2004 (except as otherwise noted) by (i) each person known by us to be the beneficial owner of five percent or more of the outstanding shares of common stock, (ii) each of our directors, (iii) our Chief Executive Officer and the four other most highly compensated executive officers, and (iv) all of our directors and executive officers as a group. All of the issued and outstanding shares of the Company s convertible preferred stock are held by Glencore International AG, as set forth more fully in footnote 2 below. The information set forth below does not give effect to this offering.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percentage of Class
Glencore International AG	9,320,089(2)	41.2
Dimensional Fund Advisors Inc.	1,548,153(3)	7.3
Brandywine Asset Management, LLC	1,075,727(4)	5.1
David W. Beckley	115,995(5)	*
Roman A. Bninski	22,750(6)	*
Craig A. Davis	324,135(7)	1.5
Robert E. Fishman	8,916(8)	*
John C. Fontaine	23,000(9)	*
E. Jack Gates	23,800(10)	*
William R. Hampshire	19,650(11)	*
Gerald J. Kitchen	119,281(12)	*
Daniel J. Krofcheck	44,751(13)	*
John P. O Brien	21,250(14)	*
Stuart M. Schreiber	18,250(15)	*
Willy R. Strothotte	22,750(16)	*
All directors and executive officers as a group (14 persons)	801,302(17)	3.7

* Less than one percent.

(1) Each individual or entity has sole voting and investment power, except as otherwise indicated.

(2) Based upon information set forth in a Schedule 13D filing dated April 12, 2001, Glencore International AG beneficially owns such shares through affiliates, including Glencore AG, which directly owns 9,320,089 shares, including 7,925,000 shares of common stock and 500,000 shares of our convertible preferred stock, which Glencore has indicated it intends to convert upon the closing of this offering. The business address of each of Glencore International AG and Glencore AG is Baarermattstrasse, 3, P.O. Box 777, CH 6341, Baar, Switzerland.

(3) Based upon information as of December 31, 2003, set forth in a Schedule 13G filing dated February 6, 2004, Dimensional Fund Advisors Inc., a registered investment advisor, has sole voting and investment power with respect to such shares. All of these shares are owned by advisory clients of Dimensional and Dimensional disclaims beneficial ownership of all such shares. The business address of Dimensional is 1299 Ocean Avenue, 11th Floor, Santa Monica, California 90401.

(4) Based upon information as of December 31, 2003, set forth in a Schedule 13G filing dated February 17, 2004, Brandywine Asset Management, LLC, a registered investment advisor, has shared voting and investment power with respect to such shares. Various accounts managed by Brandywine have the right to receive or the power to direct the receipt of dividends from, or the proceeds of the sale of, these shares. The business address of Brandywine is 3 Christina Centre, Suite 1200, 201 N. Walnut Street, Wilmington, DE 19801.

(footnotes continued from previous page)

(5) Includes 80,000 shares which are subject to presently exercisable options.

(6) Includes 22,750 shares which are subject to presently exercisable options.

(7) Includes 150,000 shares which are subject to presently exercisable options. Excludes 9,320,089 shares beneficially owned by Glencore International AG, of which Mr. Davis is a director.

(8) Includes 8,916 shares which are subject to presently exercisable options.

(9) Includes 22,750&