

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

CENTURY ALUMINUM CO
Form 10-K/A
March 25, 2004

=====

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
AMENDMENT NO. 1

(Mark One)

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

OR

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

COMMISSION FILE NUMBER 0-27918

CENTURY ALUMINUM COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

13-3070826
(IRS EMPLOYER
IDENTIFICATION NO.)

2511 GARDEN ROAD
BUILDING A, SUITE 200
MONTEREY, CALIFORNIA
(ADDRESS OF REGISTRANT'S PRINCIPAL OFFICES)

93940
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (831) 642-9300

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

TITLE OF EACH CLASS

NAME OF EACH EXCHANGE ON WHICH

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

COMMON STOCK, \$0.01 PAR VALUE PER SHARE

NASDAQ

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in a definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

Based upon the NASDAQ closing price on June 30, 2003, the aggregate market value of the common stock held by non-affiliates of the registrant was \$88,721,689. As of March 23, 2004, 21,211,466 shares of common stock of the registrant were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

EXPLANATORY NOTE: The purpose of this amendment is to include the information required under Part III, Items 10-14 of the Annual Report on Form 10-K ("Form 10-K") for Century Aluminum Company (the "Company" or "Century") for the year ended December 31, 2003 and to attach as an exhibit a revised Independent Auditors' Consent, which will replace the consent originally filed with the Company's Form 10-K.

PART III.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors

The Company's 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

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 1997 to
July 1997; Chairman of the Samuel H. Kress Foundation;
Trustee of the National Gallery of Art.

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

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.

DIRECTORS WITH TERMS TO EXPIRE IN 2005

NAME AND AGE -----	BUSINESS EXPERIENCE AND PRINCIPAL OCCUPATION OR EMPLOYMENT DURING PAST 5 YEARS; OTHER DIRECTORSHIPS -----
Craig A. Davis.....63	Chief Executive Officer of the Company since October 2003; Chairman of the Board of the Company since August 1995; Chairman and Chief Executive Officer of the Company from August 1995 to December 2002; Director of Glencore International AG ("Glencore") since December 1993 and Executive of Glencore from September 1990 to June 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.
William R. Hampshire (2).....75	Vice-Chairman of the Board of the Company since August 1995; independent consultant since 1990; former President and Chief Executive Officer of Howmet Aluminum Corporation.

2

DIRECTORS WITH TERMS TO EXPIRE IN 2006

NAME AND AGE -----	BUSINESS EXPERIENCE AND PRINCIPAL OCCUPATION OR EMPLOYMENT DURING PAST 5 YEARS; OTHER DIRECTORSHIPS -----
Roman A. Bninski57	Partner, law firm of Curtis, Mallet-Prevost, Colt & Mosle LLP, New York, New York since 1984.
Stuart M. Schreiber.....50	Founder and Managing Director of Integis, Inc. since 1997; former partner of Heidrick & Struggles from 1990 to 1997.
Willy R. Strothotte (1) (5).....59	Chairman of the Board of Glencore since 1994 and Chief Executive Officer from 1993 to December 2001; Chairman of the Board of Xstrata AG (formerly Sudelektra Holding AG) since 1990.

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

- (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 a director of the Company by Glencore International AG.

Executive Officers

Information regarding the Company's executive officers is included in Part I, Item 4 of the Company's report on Form 10-K for the year ended December 31, 2003 under the heading "Executive Officers of the Registrant."

AUDIT COMMITTEE

In accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company's Board of Directors has established an Audit Committee comprised of the following directors: Messrs. Robert E. Fishman, Ph.D, John C. Fontaine and John P. O'Brien. The Board of Directors has designated Mr. O'Brien, who serves as Chairman of the Audit Committee, as the "audit committee financial expert," as such term is defined under Item 401(h) of Regulation S-K of the Exchange Act. Mr. O'Brien and the other members of the Audit Committee are "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act and NASD Marketplace Rule 4200(a)(15).

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons owning more than ten percent of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission (the "SEC") reports of ownership and changes in ownership of equity securities of the Company. Such persons are also required to furnish the Company with copies of all such forms.

Based solely upon a review of the copies of such forms furnished to the Company and, in certain cases, written representations that no Form 5 filings were required, the Company believes that, with respect to the 2003 fiscal year, all required Section 16(a) filings were timely made.

3

CODE OF ETHICS

The Company has adopted a Code of Ethics that applies to all of its employees, including the Company's principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. A copy of the Century Aluminum Company Code of Ethics has been filed as an exhibit with this annual report.

ITEM 11. EXECUTIVE COMPENSATION

Directors' Compensation

Directors who are full-time salaried employees of the Company are not compensated for their service on the board of directors or on any board

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

committee. Non-employee directors receive an annual retainer of \$25,000 for their services, except for the Vice-Chairman, who receives an annual retainer of \$30,000. In addition, each non-employee director received a fee of \$2,000 during 2003 for each board of directors or board committee meeting attended. The Chairman of the Audit Committee received a fee of \$3,000 per Audit Committee meeting attended. All directors are reimbursed for their travel and other expenses incurred in attending board of directors and board committee meetings.

Under Century's Non-Employee Directors Stock Option Plan, each director who is not an employee of Century received a one-time grant of options to purchase 10,000 shares of common stock, and the Vice-Chairman received a one-time grant of options to purchase 25,000 shares of common stock. Such grants for Messrs. Bninski and Hampshire became effective upon the consummation of Century's initial public offering at an exercise price equal to the initial public offering price, while grants to Messrs. Fishman, Fontaine, Schreiber, Strothotte and O'Brien became effective upon their election as directors at an exercise price equal to the market price of Century's common stock at such times. The options vested one-third on the grant date, with an additional one-third vesting on each of the first and second anniversaries of the grant date. In addition, the Non-Employee Directors Stock Option Plan provides for annual grants of options to each non-employee director continuing in office after the annual meeting of stockholders each year at an exercise price equal to the market price of such shares on the date of the grant. During 2003, non-employee directors each received options to purchase 3,000 shares.

Summary Compensation Table

The following table sets forth information with respect to the compensation paid or awarded by Century to the two individuals who served as Chief Executive Officer and the four other most highly compensated executive officers (collectively, the "Named Executive Officers") for services rendered in all capacities during 2001, 2002 and 2003.

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS/PAYOUTS	
		SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)(1)	LTIP PAYOUTS (\$)(2)	COM
Craig A. Davis(4)	2003	\$ 558,333	\$ 525,000	-0-	--	\$
Chairman and Chief	2002	\$ 728,708	\$ 390,000	\$ 91,283	-0-	\$
Executive Officer	2001	\$ 705,679	\$ 486,000	-0-	-0-	\$
Gerald A. Meyers(5)	2003	\$ 439,521(5)	\$ 175,000(5)	\$ 28,579	--	\$
Chief Executive	2002	\$ 329,825	\$ 115,000	\$ 42,336	-0-	\$
Officer (resigned)	2001	\$ 323,189	\$ 157,500	\$ 31,038	-0-	\$
Gerald J. Kitchen	2003	\$ 269,333	\$ 130,000	-0-	--	\$
Executive Vice	2002	\$ 264,897	\$ 85,000	\$ 41,808	-0-	\$
President, General	2001	\$ 259,439	\$ 122,500	\$ 25,586	-0-	\$
Counsel, Chief						
Administrative						

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

Officer and Secretary

4

NAME AND PRINCIPAL POSITION -----	YEAR ----	ANNUAL COMPENSATION -----			LONG-TERM COMPENSATION AWARDS/PAYOUTS -----	
		SALARY (\$) -----	BONUS (\$) -----	OTHER ANNUAL COMPENSATION (\$)(1) -----	LTIP PAYOUTS (\$)(2) -----	COM -----
David W. Beckley	2003	\$ 266,896	\$ 129,000	-0-	--	\$
Executive Vice	2002	\$ 260,905	\$ 85,000	-0-	-0-	\$
President and Chief	2001	\$ 257,220	\$ 121,250	\$ 25,589	-0-	\$
Financial Officer						
E. Jack Gates(7)	2003	\$ 235,842	\$ 125,000	-0-	--	\$
Executive Vice	2002	\$ 189,000	\$ 80,000	-0-	-0-	\$
President and	2001	\$ 182,292	\$ 129,914 (8)	-0-	-0-	\$
Chief Operating						
Officer						
Daniel J. Krofcheck	2003	\$ 187,135	\$ 86,000	\$ 5,795	--	\$
Vice President and	2002	\$ 179,884	\$ 75,000	-0-	-0-	\$
Treasurer	2001	\$ 172,802	\$ 100,000	-0-	-0-	\$

- (1) Represents reimbursement of interest on funds borrowed to pay estimated taxes due upon the vesting of performance share grants.
- (2) The Compensation Committee will meet during the second quarter of 2004 to determine the number of performance shares earned by the Named Executive Officers in 2003 based on the Company's achievement of the Award Targets for the three-year period from 2001 through 2003. See the "Long-Term Incentive Plan Awards Table."
- (3) All other compensation is comprised of the Company's matching contributions under its Defined Contribution Retirement Plan for each of the Named Executive Officers. In 2003, those contributions were \$8,400 for each of Messrs. Davis, Meyers, Kitchen, Beckley and Gates and \$6,680 for Mr. Krofcheck. All other compensation also includes Company-paid life insurance premiums in 2003 in the amounts of \$1,805, \$3,465, \$2,445, \$4,055 and \$3,415 for Messrs. Meyers, Kitchen, Beckley, Gates and Krofcheck, respectively, and \$15,314, \$4,361, and \$659 for imputed interest income for below-market interest rate tax loans for Messrs. Kitchen, Krofcheck, and Gates, respectively.
- (4) Mr. Davis served as Chairman and Chief Executive Officer until January 1, 2003, when he was succeeded as Chief Executive Officer by Gerald A. Meyers. Mr. Davis continued to serve as Chairman of the Board of Directors and was elected as Chief Executive Officer on October 15, 2003 following Mr. Meyers' resignation from that position.

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

- (5) Mr. Meyers served as the Company's President and Chief Operating Officer until January 1, 2003, when he succeeded Craig A. Davis as Chief Executive Officer. Mr. Meyers resigned as Chief Executive Officer in October 2003. Under the terms of the Company's severance arrangement with Mr. Meyers, which is described in more detail under "Severance Compensation Arrangements" below, Mr. Meyers will receive his full salary and an agreed bonus and benefits through December 31, 2004.
- (6) Amount set forth under "All Other Annual Compensation" includes \$475,000 and \$175,000, which represents the salary and bonus, respectively, to be paid to Mr. Meyers during the year ended December 31, 2004 pursuant to the Company's severance arrangement with Mr. Meyers.
- (7) Mr. Gates was elected Executive Vice President effective April 1, 2003.
- (8) Includes \$34,782 which represents the dollar value of a special stock grant of 2,645 shares made by the Company to Mr. Gates on December 14, 2001, based on the average sales price of the Company's common stock on the NASDAQ Stock Market of \$13.15 per share on January 2, 2002, the date the shares vested. Also includes accrued dividend equivalents of \$132 on such shares which were paid to Mr. Gates upon vesting.
- (9) Includes one-time relocation and related costs in the amount of \$75,750 relating to Mr. Gates' relocation to Owensboro, Kentucky.

5

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Value Table

The following table sets forth information regarding the shares acquired and value realized by the Named Executive Officers upon the exercise of options during 2003 and the aggregate number and value of options held by the Named Executive Officers at December 31, 2003.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)(1)	NUMBER OF SHARES UNDERLYING UNEXERCISED OPTIONS		VALUE OF AT DECEMBER EXERCISABLE
			AT DECEMBER 31, 2003 (#)		
			EXERCISABLE	UNEXERCISABLE	
Craig A. Davis	--	--	150,000	0	\$ 901,500
Gerald A. Meyers	40,000	\$ 320,400	60,000	0	\$ 360,600
Gerald J. Kitchen	--	--	61,666	0	\$ 370,610
David W. Beckley	--	--	80,000	0	\$ 480,800
E. Jack Gates	--	--	20,000	0	\$ 239,200
Daniel J. Krofcheck	--	--	10,000	0	\$ 27,600

(1) The value realized represents the difference between the exercise price of the options and the last reported sale price of the Company's common

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

stock on the NASDAQ Stock Market on December 22, 2003, the date the options were exercised.

(2) The last reported sale price for the Company's common stock on the NASDAQ Stock Market on December 31, 2003 was \$19.01 per share. Value is calculated on the basis of the difference between the respective option exercise prices and \$19.01, multiplied by the number of shares of common stock underlying the respective options.

Long-Term Incentive Plan Awards Table

The following table sets forth information with respect to performance shares awarded to the Named Executive Officers under the Company's 1996 Stock Incentive Plan (the "1996 Plan"). In 2001, the Board of Directors approved an amendment to the guidelines under the 1996 plan that expanded the scope of the Company's performance targets to include, in addition to the achievement of financial targets, achievement of specific operating targets and long-term strategic targets (the "Award Targets"). The new performance guidelines were implemented beginning with the three-year period 2001 through 2003.

LONG-TERM INCENTIVE PLANS - AWARDS IN LAST FISCAL YEAR

NAME	PERFORMANCE SHARES (#) (1)	PERFORMANCE OR OTHER PERIOD UNTIL MATURATION OR PAYOUT	ESTIMATED FUTURE COMMON ST UNDER NON-STOCK PRICE-BA	
			THRESHOLD (#)	TARGET (#) (2)
Craig A. Davis	75,025	2003-2005	-0-	75,025
Gerald A. Meyers (4)	65,272	2003-2005	-0-	65,272

6

NAME	PERFORMANCE SHARES (#) (1)	PERFORMANCE OR OTHER PERIOD UNTIL MATURATION OR PAYOUT	ESTIMATED FUTURE COMMON ST UNDER NON-STOCK PRICE-BA	
			THRESHOLD (#)	TARGET (#) (2)
Gerald J. Kitchen	31,044	2003-2005	-0-	31,044
David W. Beckley	30,723	2003-2005	-0-	30,723
E. Jack Gates	26,259	2003-2005	-0-	26,259
Daniel J. Krofcheck	16,689	2003-2005	-0-	16,689

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

- (1) Performance shares represent shares of the Company's common stock that, upon vesting, are issued to the award recipient. Except as described herein, performance shares are forfeited if the award recipient is not employed full-time by the Company at the end of the award cycle period. In the event of death, disability or retirement, the award recipient will receive a pro rata award based upon the number of weeks employed during the award cycle period. To the extent dividends are paid on the Company's common stock, dividend equivalents accrue on performance shares and are paid upon vesting.
- (2) Target payouts represent the target number of shares that will vest if the Company achieves its Award Targets in their entirety for the period. The Compensation Committee of the board of directors has retained full discretion to modify awards under the guidelines. If Award Targets are not achieved in their entirety, awards may be adjusted downward or eliminated in their entirety. In addition, regardless of performance against Award Targets, the committee's discretion includes the right to determine that, should circumstances warrant, no award would be payable.
- (3) Maximum payouts represent the maximum number of shares that the Compensation Committee is authorized to award if the Company exceeds all of its Award Targets. In cases where the target is exceeded, the number of shares vested in excess of the target number of shares is calculated by converting the excess award into cash and reconverting the excess award into shares at the greater of the share price calculated at the time of the award or the average share price for the month preceding the month in which the shares vest.
- (4) Mr. Meyers resigned from the Company in October 2003; however, for purposes of vesting of the performance shares previously awarded to him under the 1996 Plan, he will be treated as though he was employed through 2004.

Pension Plan Table

The Company maintains a non-contributory defined benefit pension plan for salaried employees of the Company who meet certain eligibility requirements. The following table shows estimated annual benefits payable upon retirement in specified compensation and years of service classifications. The figures shown include supplemental benefits payable to the Named Executive Officers, exclusive of benefits payable under the enhanced supplemental retirement plan described below.

REMUNERATION	YEARS OF CREDITED SERVICE						
	5	10	15	20	25	30	
\$ 100,000	\$ 7,500	\$ 15,000	\$ 22,500	\$ 30,000	\$ 37,500	\$ 45,000	\$ 52,500
\$ 200,000	\$ 15,000	\$ 30,000	\$ 45,000	\$ 60,000	\$ 75,000	\$ 90,000	\$ 105,000
\$ 300,000	\$ 22,500	\$ 45,000	\$ 67,500	\$ 90,000	\$ 112,500	\$ 135,000	\$ 157,500
\$ 400,000	\$ 30,000	\$ 60,000	\$ 90,000	\$ 120,000	\$ 150,000	\$ 180,000	\$ 210,000
\$ 500,000	\$ 37,500	\$ 75,000	\$ 112,500	\$ 150,000	\$ 187,500	\$ 225,000	\$ 262,500
\$ 600,000	\$ 45,000	\$ 90,000	\$ 135,000	\$ 180,000	\$ 225,000	\$ 270,000	\$ 315,000
\$ 700,000	\$ 52,500	\$ 105,000	\$ 157,500	\$ 210,000	\$ 262,500	\$ 315,000	\$ 367,500
\$ 800,000	\$ 60,000	\$ 120,000	\$ 180,000	\$ 240,000	\$ 300,000	\$ 360,000	\$ 420,000

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

\$ 900,000	\$ 67,500	\$ 135,000	\$ 202,500	\$ 270,000	\$ 337,500	\$ 405,000	\$ 472,500
\$ 1,000,000	\$ 75,000	\$ 150,000	\$ 225,000	\$ 300,000	\$ 375,000	\$ 450,000	\$ 525,000
\$ 1,100,000	\$ 82,500	\$ 165,000	\$ 247,500	\$ 330,000	\$ 412,500	\$ 495,000	\$ 577,500
\$ 1,200,000	\$ 90,000	\$ 180,000	\$ 270,000	\$ 360,000	\$ 450,000	\$ 540,000	\$ 630,000
\$ 1,300,000	\$ 97,500	\$ 195,000	\$ 292,500	\$ 390,000	\$ 487,500	\$ 585,000	\$ 682,500
\$ 1,400,000	\$ 105,000	\$ 210,000	\$ 315,000	\$ 420,000	\$ 525,000	\$ 630,000	\$ 735,000

The plan provides lifetime annual benefits starting at age 62 equal to twelve (12) multiplied by the greater of: (i) 1.5% of final average monthly compensation multiplied by years of credited service (up to 40 years), or (ii) \$22.25 multiplied by years of credited service (up to 40 years), less the total monthly vested benefit payable as a life annuity at age 62 under plans of a predecessor. Final average monthly compensation means the highest monthly average for 36 consecutive months in the 120-month period ending on the last day of the calendar month completed at or prior to a termination of service. Participants' pension rights vest after a five-year period of service. An early retirement benefit (actuarially reduced beginning at age 55) and a disability benefit are also available.

The compensation covered by the plan includes all compensation, subject to certain exclusions, before any reduction for 401(k) contributions, subject to the maximum limits under the Internal Revenue Code of 1986, as amended (the "Code"). The years of credited service for Messrs. Davis, Kitchen, Beckley, Gates and Krofcheck at December 31, 2003, were approximately 11, 8, 8, 3 and 6, respectively. For purposes of calculating pension benefits, the Company's severance arrangement with Mr. Meyers provides that he will be treated as if employed through December 31, 2004, which represents 12 years of credited service.

Enhanced Supplemental Retirement Plan

The Company adopted an enhanced supplemental retirement benefit plan ("Enhanced SRP") in 2001 in order to permit selected senior executives to achieve estimated levels of retirement income when, due to the executive's age and potential years of service at normal retirement age, benefits under the Company's existing qualified and nonqualified defined benefit pension plans are projected to be less than a specified percentage of the executive's estimated final average annual pay. Messrs. Davis, Meyers, Kitchen and Beckley were selected to participate in this plan at fifty percent (50%) of their estimated final average compensation during each executive's final five years of service. The Company believes this level of retirement benefits is commensurate with retirement benefits paid to senior executives of comparable companies. Under the Enhanced SRP, these senior executives will be entitled to receive an annual supplemental retirement benefit in the following amounts if, from January 1, 2001, they remain employed by the Company for a period of four years in the case of Mr. Davis and five years in the cases of Messrs. Kitchen and Beckley: Craig A. Davis, \$425,000; Gerald A. Meyers, \$200,000; Gerald J. Kitchen, \$145,000; and David. W. Beckley, \$145,000.

If an executive's employment is terminated prior to the end of the requisite period, the annual supplemental retirement benefit will be reduced pro rata for each year of employment less than the required four or five years. However, an executive will receive the full benefit in the event of disability, change in control or termination of employment without cause. Pursuant to the terms of the Company's severance arrangement with Mr. Meyers, the Company credited Mr. Meyers under the Enhanced SRP as if he had been employed by the Company for the requisite five years. The Company has invested funds to meet the Enhanced SRP obligations through the purchase of key-man life insurance policies on the lives of the participating executives. The policies are owned by the Company and have been placed in Rabbi Trusts to secure the Company's payment

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

obligations. Mr. Meyers will

8

begin receiving payments under the Enhanced SRP when eligible for retirement benefits under the Company's qualified retirement plan.

EMPLOYMENT AGREEMENTS

The Company entered into employment agreements with each of Messrs. Craig A. Davis, Gerald A. Meyers, Gerald J. Kitchen and David W. Beckley, effective January 1, 2002, providing for terms of employment of three years. The Company entered into an employment agreement with Mr. E. Jack Gates, effective October 14, 2003, providing for a term of employment of two years.

On January 1, 2003, Mr. Meyers succeeded Mr. Davis as the Company's Chief Executive Officer. Mr. Davis remained chairman of the Board of Directors. Mr. Meyers resigned from his position as Chief Executive Officer on October 15, 2003 and the Board of Directors elected Mr. Davis as his replacement. The Company subsequently amended and restated Mr. Davis' employment agreement, effective December 9, 2003, to increase Mr. Davis' compensation and benefits based on his additional responsibilities as Chief Executive Officer and to extend the term of his employment agreement through December 31, 2005. The Company also amended the employment agreements of Messrs. Davis, Kitchen and Beckley, effective December 9, 2003, to extend the terms of their employment agreements through December 31, 2005 and to effect increases in compensation and benefits authorized by the Compensation Committee.

The employment agreements with Messrs. Davis, Kitchen, Beckley and Gates provide that their base salaries may not be reduced below \$780,000, \$274,000, \$272,000 and \$300,000 per year, respectively. The agreements further provide that the base salaries are subject to increase from time to time at the discretion of the Board of Directors. In addition, the executives are eligible for bonuses in accordance with the Company's annual incentive plan and stock option grants and performance share awards under Century's 1996 Stock Incentive Plan. Under the terms of Mr. Davis' agreement, he will be eligible to receive a retention bonus on or before the end of 2005 equal to one year of his then-current base pay and a success bonus, in an amount to be determined by the Compensation Committee, if the Company consummates one or more transactions which are deemed to have "transformed" the Company. The agreements of Messrs. Davis, Kitchen, Beckley and Gates also provide that the executives will receive, in addition to the Enhanced SRP described above, unfunded supplemental executive retirement benefits in addition to any benefits received under Century's qualified retirement plans. The supplemental benefit for each executive will be equal to the amount that would normally be paid under Century's qualified retirement plans if there were no limitations under Sections 415 and 401(a)(17) of the Code and as if the executives were fully vested in the qualified retirement plan benefits. In the event of termination of employment "without cause," the terminated executive will be entitled to receive termination payments equal to 100% of his base salary and bonus (based on the highest annual bonus payment within the prior three years) for the remainder of the term of the agreement (with a minimum of one year's salary plus bonus). Any termination payments under the employment agreements may not be duplicated under the severance compensation agreements described below.

SEVERANCE COMPENSATION ARRANGEMENTS

The Company is party to severance compensation agreements with each of Messrs. Craig A. Davis, Gerald J. Kitchen, David W. Beckley and E. Jack Gates. The agreements provide that if within 36 months following a change in control of

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

the company, the executive's employment is terminated either: (i) by the company for other than cause or disability, or (ii) by such executive for good reason, then such executive will receive a lump sum payment equal to three times the aggregate of the highest base salary and the highest bonus received by such executive in any of the most recent five years. Also, in the event of a change in control, the exercisability of stock options and the vesting of performance shares held by such executives will be accelerated.

The Code imposes certain excise taxes on, and limits the deductibility of, certain compensatory payments made by a corporation to or for the benefit of certain individuals if such payments are contingent upon certain changes in the ownership or effective control of the corporation or the ownership of a substantial portion of the assets of the corporation, provided that such payments to the individual have an aggregate present value in excess of three times the individual's annualized includible compensation for the base period, as defined in the Code. The agreements provide for additional payments to the executives in order to fully offset any excise taxes payable by an executive as a result of the payments and benefits provided in the severance compensation agreements.

The Compensation Committee approved a severance compensation package for Gerald A. Meyers effective October 15, 2003, the date of Mr. Meyers' resignation as Chief Executive Officer of the Company, which provides

9

for the following: (i) a base salary of \$475,000 per annum through December 31, 2004, (ii) an annual bonus of \$175,000 for calendar years 2003 and 2004 (which equals the highest bonus received by Mr. Meyers during the prior three years), (iii) deemed employment through December 31, 2004 for purposes of determining grants under the Company's long-term incentive program and service credit under the Company's pension plan, (iv) participation at the 100% level for performance shares awarded to Mr. Meyers under the Company's long term incentive plan for plan periods 2001 through 2003 and 2002 through 2004 and participation at a 66.7% level for the plan period 2003 through 2005, (v) credit for five years of service under the Company's Enhanced SRP, (vi) the extension of the exercise period for options granted to Mr. Meyers under the Company's 1996 Stock Incentive Plan from the date of his resignation, as provided in the original grant, to March 27, 2006, the original expiration date for such options, (vii) payment of certain insurance premiums through December 31, 2004, and (viii) payment of other non-material expenses.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2003, the members of the Compensation Committee were Messrs. John C. Fontaine, William R. Hampshire, John P. O'Brien and Stuart M. Schreiber (until March 25, 2003). Mr. Hampshire served as President and Chief Operating Officer of Century Aluminum of West Virginia, Inc. (formerly Ravenswood Aluminum Corporation and a subsidiary of the Company) from April 1992 through January 1993. As of March 25, 2003, Mr. Schreiber no longer serves on the Compensation Committee due to changes in the independence standards for compensation committee members which were approved by the SEC in November 2003. The Company believes that the remaining members of the Compensation Committee meet the revised independence standards.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information concerning the beneficial ownership of the Company's common stock as of March 23, 2004 (except as otherwise noted) by (i) each person known by the Company to be the beneficial

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

owner of five percent or more of the outstanding shares of common stock, (ii) each director of the Company, (iii) each Named Executive Officer (other than Mr. Meyers), and (iv) all directors and executive officers of the Company 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.

NAME OF BENEFICIAL OWNER -----	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1) -----
Glencore International AG	9,320,089 (2)
Dimensional Fund Advisors Inc	1,548,153 (3)
Brandywine Asset Management, LLC	1,075,727 (4)
David W. Beckley	115,995 (5)
Roman A. Bninski	22,750 (6)
Craig A. Davis	324,135 (7)
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)

* 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 Century's convertible preferred stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock is convertible at any time, at the option of the

10

holder, into 1,395,089 shares of Century common stock. 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. ("Dimensional"), 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

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

filing dated February 17, 2004, Brandywine Asset Management, LLC ("Brandywine"), 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.

- (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 shares which are subject to presently exercisable options. Also includes 250 shares Mr. Fontaine owns jointly with his wife.
- (10) Includes 20,000 shares which are subject to presently exercisable options.
- (11) Includes 6,750 shares which are subject to presently exercisable options. Also includes 5,400 shares owned by Mr. Hampshire's wife.
- (12) Includes 61,666 shares which are subject to options presently exercisable.
- (13) Includes 10,000 shares which are subject to presently exercisable options.
- (14) Includes 16,250 shares which are subject to presently exercisable options.
- (15) Includes 18,250 shares which are subject to presently exercisable options.
- (16) Includes 22,750 shares which are subject to presently exercisable options. Excludes 9,320,089 shares beneficially owned by Glencore International AG, of which Mr. Strothotte serves as Chairman.
- (17) Includes 452,583 shares which are subject to presently exercisable options. Excludes 9,320,089 shares beneficially owned by Glencore International AG.

Information regarding the shares authorized for issuance under the Company's equity compensation plans is included in Part II, Item 5 of the Company's report on Form 10-K for the year ended December 31, 2003, under the heading "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In 2003, the Company purchased alumina and primary aluminum from Glencore International AG and its subsidiaries (collectively, "Glencore"). Such purchases, which were made at market prices, aggregated \$99.2 million in 2003. During 2003, the Company purchased from Glencore all of its alumina requirements for the Ravenswood facility and its 49.67% interest in the Mt. Holly facility under separate supply agreements. The supply agreements for Ravenswood and 54% of the Company's alumina requirements for Mt. Holly run through 2006. The supply agreement for the remaining 46% of the Company's requirements for Mt. Holly runs through January 31, 2008. The Company's alumina purchases from Glencore in 2003 were made on an arms'-length basis at market prices.

The Company sold primary aluminum to Glencore in 2003. For the year ended December 31, 2003, net sales to Glencore amounted to \$121.9 million, including gains and losses realized on the settlement of financial contracts. Sales of

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

primary aluminum to Glencore amounted to 16% of the Company's total revenues in 2003. The Company's primary aluminum sales to Glencore in 2003 were made on an arms'-length basis at market prices.

Century was party to a contract to sell Glencore approximately 110 million pounds of primary aluminum produced at the Mt. Holly facility each year through December 31, 2009, at a fixed price (the "Original Sales Contract"). In January 2003, Century and Glencore agreed to terminate and settle the Original Sales Contract for the

11

years 2005 through 2009. At that time, the parties entered into a new contract (the "New Sales Contract") that requires Century to deliver the same quantity of primary aluminum as did the Original Sales Contract for these years. The New Sales Contract provides for variable pricing determined by reference to the LME for the years 2005 through 2009. For deliveries in 2003 through 2004, the price of primary aluminum delivered will remain fixed. In consideration for the above, the Company received \$35.5 million from Glencore, \$26.1 million of which relates to the settlement of the Original Sales Contract for the years 2005 through 2009, and \$9.4 million of which represents the fair value of the New Sales Contract. Exclusive of the Original Sales Agreement, the Company had forward delivery commitments to sell 53.5 million pounds of primary aluminum to Glencore at December 31, 2003.

As of December 31, 2003, the Company had outstanding forward financial sales contracts with Glencore for 102.9 million pounds of primary aluminum, of which 58.8 million pounds are designated as cash flow hedges. These financial sales contracts are scheduled for settlement at various dates through 2005. The Company intends to continue to enter into hedging arrangements with Glencore in the future.

On April 1, 2003, the Company acquired the 20% interest in the Hawesville facility owned by Glencore, together with certain related assets (the "20% Hawesville Interest") for a purchase price of \$99.4 million, which it financed with approximately \$59.4 million in available cash and by issuing a six-year \$40 million promissory note to Glencore (the "Hawesville Note"). In the fourth quarter of 2003, the Company repaid \$26.0 million of outstanding principal under the Hawesville Note, 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. Amounts outstanding under the Hawesville Note bear interest at a rate of 10% per annum and are secured by a first priority security interest in the 20% Hawesville Interest. Until the Hawesville Note matures on April 1, 2009, the Company will make principal and interest payments semi-annually, with principal payments based on the average closing prices for aluminum quoted on the London Metals Exchange for the six month period ending two weeks prior to each payment date. The Company's obligations under the Hawesville Note are guaranteed by each of its consolidated subsidiaries, including Hancock Aluminum LLC ("Hancock"), a wholly-owned subsidiary of the Company which holds the 20% Hawesville Interest.

Century's purchase of the 20% Hawesville Interest in the Hawesville facility was effected pursuant to the terms of an Asset Purchase Agreement, dated as of April 1, 2003, among Glencore Ltd., Glencore Acquisition I LLC, Hancock and the Company (the "Asset Purchase Agreement"). The terms of the Asset Purchase Agreement, including the purchase price paid for the 20% Hawesville Interest, were determined through arms'-length negotiations between the parties and approved by an independent committee of the Board.

Glencore originally purchased the 20% Hawesville Interest from Century in April 2001 when Century acquired the Hawesville facility and related assets from

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

Southwire Company ("Southwire"), a privately-held wire and cable manufacturing company. The cash purchase price paid by Glencore to Century in 2001 was \$97.8 million. Glencore also assumed direct responsibility for a pro rata portion of certain liabilities and obligations related to the Hawesville facility, including: (i) delivery obligations under the Molten Aluminum Supply Agreement, dated April 1, 2001, between Century and Southwire, (ii) debt service obligations related to \$7.8 million in industrial revenue bonds ("IRBs") assumed by Century in connection with the Hawesville Acquisition, (iii) any post-closing payments due Southwire pursuant to the terms of the Company's agreement with Southwire, and (iv) certain other post-closing liabilities and obligations (including environmental) related to the Hawesville facility (collectively, the "Assumed Liabilities").

Upon the Company's acquisition in April 2003 of the 20% Hawesville Interest from Glencore, the Company assumed all of Glencore's obligations related to the Assumed Liabilities. The Company also issued a promissory note to Glencore to secure any payments Glencore might make as guarantor of a letter of credit the Company posted in April 2001 in support of the IRBs.

In connection with this acquisition, the Company and Glencore entered into a 10-year contract commencing January 1, 2004, under which Glencore will purchase 45 million pounds per year of primary aluminum produced at the Ravenswood and Mt. Holly facilities at prices based on then-current markets.

Mr. Craig A. Davis, Chief Executive Officer and Chairman of the Company, is a director of Glencore International AG and was an executive of Glencore International AG and Glencore AG from September 1990 until June 1996.

12

Mr. Willy R. Strothotte, a director of the Company, is Chairman of the Board of Directors of Glencore International AG and served as its Chief Executive Officer from 1993 through 2001.

Mr. Roman A. Bninski, a director of the Company, is a partner of Curtis, Mallet-Prevost, Colt & Mosle LLP, which furnishes legal services to the Company and Glencore.

Indebtedness of Management

Until July 30, 2002, the Company sponsored a program whereby it offered full-recourse loans to its executives to pay their tax liability upon the award of stock grants or the vesting of performance shares (the "Tax Loans"). Each Tax Loan is secured by the vested or awarded shares valued at not less than twice the amount of the Tax Loans and must be repaid on the earlier of: (i) January 2, 2017 (the "Due Date"), (ii) on a pro rata basis, upon the sale of any shares securing the Tax Loan prior to the Due Date, or (iii) one hundred and twenty (120) days following the termination of the executive's employment. The Company pays the interest on the Tax Loan for each executive, which is equal to the applicable short-term federal funds rate, compounded semi-annually. In order to comply with the requirements of Section 402 of the Sarbanes-Oxley Act of 2002, the Company eliminated its Tax Loan and relocation loan programs effective July 30, 2002. Any loans outstanding under those programs as of such date will be repaid in accordance with their original terms. During 2003, the following executives had amounts outstanding under the Company's Tax Loan program:

LARGEST
AGGREGATE
AMOUNT OF

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

NAME -----	POSITION -----	TAX LOANS OUTSTANDING DURING 2003 -----	AGGREGATE OUTSTANDING -----
E. Jack Gates	Executive Vice President, Chief Operating Officer	\$12,348	\$12,348
Gerald J. Kitchen	Executive Vice President, General Counsel, Chief Administrative Officer and Secretary	\$287,000	\$287,000
Daniel J. Krofcheck	Vice President and Treasurer	\$81,732	\$81,732
Peter C. McGuire	Vice President and Associate General Counsel	\$68,992	\$68,992
Steve Schneider	Vice President and Corporate Controller	\$7,724	-0-

Prior to July 30, 2002, as part of the Company's relocation assistance program, the Company offered eligible employees full-recourse loans for the purpose of paying applicable relocation expenses, including expenses related to the purchase of a home. In 2001, Steve Schneider, a Vice President of the Company, obtained \$345,000 in loans from the Company in connection with the commencement of his employment with the Company. Of that total, \$145,000 was repaid by Mr. Schneider in April 2002. The remaining \$200,000 was borrowed by Mr. Schneider pursuant to the terms of a promissory note, which was secured by a deed of trust on Mr. Schneider's home. The promissory note bore interest at a rate of six percent per annum until July 15, 2003, and thereafter at a rate of eight percent per annum. Mr. Schneider repaid the promissory note in September 2003.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

In addition to performing the audit of the Company's consolidated financial statements, Deloitte & Touche LLP provided various other services for the Company during the last two years. The aggregate fees billed for the last two years for each of the following categories of services are set forth below:

	2003 -----	2002 -----
Audit Fees	\$ 925,000	\$ 695,000
Audit Related Fees	115,000	48,000
Tax Fees	175,000	18,000
All Other Fees	224,000	44,000
	-----	-----
Total All Fees	\$ 1,439,000	\$ 1,815,000
	=====	=====

Audit Fees. Audit Fees include professional services rendered in connection with the audit of the Company's consolidated financial statements, audit of the opening balance sheet of an acquiree accounted for as a purchase, reviews of the consolidated financial statements included in the Company's Quarterly Reports on

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

Form 10-Q, consultation on accounting matters, and review of documents filed with the Securities and Exchange Commission.

Audit-Related Fees. Audit-Related Fees include audits of the Company's employee benefit plans, consultation on a considered acquisition, and consultation on accounting matters or transactions.

13

Tax Fees. Tax fees include the preparation of federal and state tax returns, and consultation related to tax planning, tax advice, tax compliance, and acquisitions.

All Other Fees. The aggregate fees for all other services include actuarial services and evaluation and design of various employee benefit matters including consultation on employee benefit matters related to acquisitions.

Effective March 2003, the Audit Committee of the Board of Directors implemented pre-approval procedures with respect to the provision of audit and non-audit services as required by regulations adopted by the Securities and Exchange Commission. These pre-approval procedures were not required prior to May 2003, and, accordingly, the services rendered by Deloitte & Touche LLP in 2002 and during the first quarter of 2003 were not subject to pre-approval. Nevertheless, the Audit Committee considered whether the provision of non-audit related services by Deloitte & Touche LLP was compatible with maintaining the independence of Deloitte & Touche LLP.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) (3) List of Exhibits filed with this Form 10-K/A

EXHIBIT INDEX

	DESCRIPTION OF EXHIBIT -----
14.1	Century Aluminum Company Code of Ethics.
23.1	Consent of Deloitte & Touche LLP.
31.1	Certification of Disclosure in Century Aluminum Company's Annual Report by t Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (13 U.S.C.
31.2	Certification of Disclosure in Century Aluminum Company's Annual Report by t Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (13 U.S.C.

14

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

CENTURY ALUMINUM COMPANY

By: /s/ DAVID W. BECKLEY

David W. Beckley
Executive Vice President
and Chief Financial Officer

Dated: March 25, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K/A has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

SIGNATURE -----	TITLE -----
/s/ CRAIG A. DAVIS ----- Craig A. Davis	Chairman and Chief Executive Officer
/s/ WILLIAM R. HAMPSHIRE ----- William R. Hampshire	Vice-Chairman
/s/ DAVID W. BECKLEY ----- David W. Beckley	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ ROMAN A. BNINSKI ----- Roman A. Bninski	Director
/s/ JOHN C. FONTAINE ----- John C. Fontaine	Director
/s/ JOHN P. O'BRIEN ----- John P. O'Brien	Director
/s/ STUART M. SCHREIBER ----- Stuart M. Schreiber	Director
/s/ ROBERT E. FISHMAN ----- Robert E. Fishman	Director

Edgar Filing: CENTURY ALUMINUM CO - Form 10-K/A

EXHIBIT INDEX

DESCRIPTION OF EXHIBIT

14.1	Century Aluminum Company Code of Ethics.
23.1	Consent of Deloitte & Touche LLP.
31.1	Certification of Disclosure in Century Aluminum Company's Annual Report by t Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (13 U.S.C.
31.2	Certification of Disclosure in Century Aluminum Company's Annual Report by t Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (13 U.S.C.