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CENTURY ALUMINUM CO

Form 8-K/A

July 09, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1 TO CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 27, 2004

CENTURY ALUMINUM COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of Incorporation)

0-27918

(Commission File Number)

13-3070826

(IRS Employer Identification No.)

2511 GARDEN ROAD

BUILDING A, SUITE 200

MONTEREY, CALIFORNIA

(Address of principal executive offices)

93940

(Zip Code)

(831) 642-9300

(Registrant's telephone number, including area code)

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ITEM 5. OTHER EVENTS

On May 11, 2004, Century Aluminum Company ("Century") filed a Current Report on Form 8-K (the "Initial Report") announcing its acquisition from Columbia Ventures Corporation of all of the outstanding equity shares of Nordural hf ("Nordural"), an Icelandic company that owns a primary aluminum plant located in Grundartangi, Iceland. This Current Report on Form 8-K/A amends the Initial Report by including the financial statements of Nordural hf and the pro forma financial information required under Item 7 of Form 8-K.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Business Acquired

Incorporated by reference to the audited financial statements of Nordural hf which are included in Century's Form 8-K filing dated March 16, 2004.

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(b) Pro Forma Financial Information

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following tables present Century's unaudited pro forma consolidated balance sheet as of March 31, 2004 and unaudited pro forma consolidated statement of operations for the year ended December 31, 2003 and the three months ended March 31, 2004. The unaudited pro forma consolidated financial data for the year ended December 31, 2003 has been derived from: (1) Century's audited consolidated financial statements and accompanying notes included in its Annual Report on Form 10-K for the year ended December 31, 2003; and (2) the separate audited financial statements and accompanying notes of Nordural hf for the year ended December 31, 2003, which are included herein. The unaudited pro forma consolidated financial data for the three months ended March 31, 2004 has been derived from: (1) Century's unaudited consolidated financial statements and accompanying notes included in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2004; and (2) the unaudited financial statements of Nordural hf for the quarter ended March 31, 2004. The unaudited pro forma consolidated financial data has been prepared for illustrative purposes only and does not purport to represent what Century's 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 Century's 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 Century's 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 March 31, 2004 gives effect to the following events as if they were consummated on March 31, 2004:

- Century's acquisition of all of the outstanding equity shares of Nordural;
- Century's issuance and sale of approximately \$221 million in common

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stock in a registered public offering;

- Century's payment of the remaining \$12.0 million of principal under an outstanding promissory note payable to Glencore;
- Century's payment of \$3.0 million of dividends on its 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 and the three months ended March 31, 2004 gives pro forma effect to these events as if they were consummated on January 1, 2003.

The Nordural acquisition will 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) will 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 Century believes are reasonable under the circumstances. Century has 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 unaudited pro forma consolidated financial data should be read in conjunction with (1) Century's audited and unaudited consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are included in its Annual Report on Form 10-K for the year ended December 31, 2003 and Quarterly Report on Form 10-Q for the three months ended March 31, 2004, respectively; and (2) the separate audited financial statements and accompanying notes of Nordural hf for the year ended December 31, 2003 which are included elsewhere in this Form 8-K.

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UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2004

	CENTURY	U.S. GAAP NORDURAL	PRO FORMA ADJUSTMENTS	PRO CONSO
	-----	-----	-----	-----
	(DOLLARS IN THOUSANDS)			
	ASSETS			
CURRENT ASSETS:				
Cash and equivalents	\$ 54,125	\$ 14,380	\$ 208,211 (1)	\$
			(195,283) (2)	
			(12,000) (3)	
			(3,269) (4)	
Accounts receivable - net	61,336	9,327	--	
Due from affiliates	11,893	3,277	(3,277) (2)	
Inventories	87,971	12,320	--	
Prepaid and other current assets	2,938	2,659	--	
Deferred taxes - current portion	5,528	--	--	

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Total current assets	223,791	41,963	(5,618)	
Property, plant and equipment - net	488,053	214,906	45,094 (2)	
Intangible assets - net	96,054	--	102,300 (2)	
Other assets	30,149	13,015	(13,015) (2)	
Total	\$ 838,047	\$ 269,884	\$ 128,761	\$ 1,000,000
	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts payable, trade	\$ 35,751	6,238	--	
Due to affiliates	28,321	147	--	
Industrial revenue bonds	7,815	--	--	
Current portion of long term debt		14,375	--	
Accrued and other current liabilities	46,952	2,317	--	
Accrued employee benefits costs - current portion	8,747	--	--	
Deferred Taxes - current portion	--	--	--	
Total current liabilities	127,586	23,077	--	
	-----	-----	-----	-----
Long Term Debt - net	322,434	173,927	--	
Notes Payable - Affiliates	14,000	--	(12,000) (3)	
Accrued Pension Benefits Costs	--	--	--	
Less current portion	11,225	--	--	
Accrued Postretirement Benefits Costs	--	--	--	
Less current portion	80,285	--	--	
Other Liabilities	34,432	3,209	--	
Due to Affiliates - Less current portion	9,861	--	--	
Deferred Taxes - Less current portion	54,496	5,490	--	
Total noncurrent liabilities	526,733	182,626	(12,000)	
	-----	-----	-----	-----
CONTINGENCIES AND COMMITMENTS				
SHAREHOLDER'S EQUITY:				
Convertible preferred stock (8.0% cumulative, 500,000 shares outstanding)	25,000	--	--	
Common stock (one cent par value, 50,000,000 shares authorized; 21,214,800 shares outstanding at March 31, 2004)	212	--	90 (1)	
Capital Stock	--	59,500	(59,500) (2)	
Additional paid-in capital	174,188	--	208,121 (1)	
Accumulated Other Comprehensive Income (Loss)	(15,042)	(140)	140 (2)	
Retained Earnings (Deficit)	(630)	4,821	(4,821) (2)	
			(3,269) (4)	
Total shareholder's equity	183,728	64,181	140,761	
	-----	-----	-----	-----
Total	\$ 838,047	\$ 269,884	\$ 128,761	\$ 1,000,000
	=====	=====	=====	=====

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

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1. Records the proceeds, net of financing costs, from our issuance and sale of common stock.
2. Reflects the cash payment and allocation of the estimated aggregate purchase price for Nordural, including acquired cash as defined by the Stock Purchase Agreement, estimated transaction fees and expenses, a payment of \$25.0 million related to the commencement of the expansion and the estimated change in Net Debt from December 31, 2003 to the date of closing as defined in the Stock Purchase Agreement.

PURCHASE PRICE:

Purchase price.....	\$ 175,000
Acquired cash.....	9,898
Change in Net Debt.....	7,733
Transaction fees and expenses.....	2,652

Total purchase price.....	\$ 195,283
	=====

PRELIMINARY ALLOCATION OF PURCHASE PRICE:

Current assets.....	\$ 38,686
Property, plant and equipment.....	260,000
Goodwill.....	102,300
Current liabilities.....	(23,077)
Noncurrent liabilities.....	(182,626)

Total purchase price.....	\$ 195,283
	=====

3. Reflects the payment of a portion of the outstanding principal under the promissory note payable to Glencore.
4. Reflects the payment of dividends on our convertible preferred stock.

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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
-----	-----	-----	-----	-----
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE D				

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NET SALES:					
Third-party customers	\$ 660,593	\$ 100,939	\$ --	\$ 100,939	\$
Related parties	121,886	--	--	--	
	-----	-----	-----	-----	-----
	782,479	100,939	--	100,939	
Cost of goods sold	734,441	82,003	231	82,234	(5,0
	-----	-----	-----	-----	-----
Gross profit	48,038	18,936	(231)	18,705	8,2
Selling, general and administrative expenses	20,833	558	--	558	
	-----	-----	-----	-----	-----
Operating income	27,205	18,378	(231)	18,147	8,2
Interest expense - third party	(41,269)	(5,401)	--	(5,401)	
Interest expense - related party ..	(2,579)	--	--	--	9
Interest income	339	--	--	--	
Net gain (loss) on forward contracts	25,691	--	--	--	
Investment income		3,063	--	3,063	
Other income (expense) - net	(688)	--	--	--	
	-----	-----	-----	-----	-----
Income (loss) before income taxes and minority interest	8,699	16,040	(231)	15,809	9,1
Income tax benefit (expense)	(2,841)	(2,887)	41	(2,846)	(3,1
	-----	-----	-----	-----	-----
Income (loss) before minority interest and cumulative effect of change in accounting principle	5,858	13,153	(190)	12,963	3,2
Minority interest	986	--	--	--	
	-----	-----	-----	-----	-----
Income (loss) before cumulative effect of change in accounting principle	6,844	13,153	(190)	12,963	3,2
Cumulative effect of change in accounting principle, net of tax benefit of \$3,430	(5,878)	--	--	--	
	-----	-----	-----	-----	-----
Net income (loss)	966	13,153	(190)	12,963	3,2
Preferred dividends	(2,000)	--	--	--	
	-----	-----	-----	-----	-----
Net income (loss) applicable to common shareholders	\$ (1,034)	\$ 13,153	\$ (190)	\$ 12,963	\$ 3,2
	=====	=====	=====	=====	=====

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2003

CENTURY	NORDURAL	U.S. GAAP ADJUSTMENTS	U.S. GAAP NORDURAL	PRO FORMA ADJUSTMENT
-----	-----	-----	-----	-----
(DOLLARS IN THOUSANDS, EXCEPT PER SH				

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EARNINGS (LOSS) PER COMMON

SHARE:

Basic

Income (loss) before cumulative effect of change in accounting principle.....	\$ 0.23
Cumulative effect of change in accounting principle.....	(0.28)

Net income (loss).....	\$ (0.05)
	=====

Diluted:

Income (loss) before cumulative effect of change in accounting principle.....	\$ 0.23
Cumulative effect of change in accounting principle.....	(0.28)

Net income (loss).....	\$ (0.05)
	=====

WEIGHTED AVERAGE COMMON

SHARES OUTSTANDING

(IN THOUSANDS):

Basic.....	21,073	
	=====	
Diluted.....	21,099	
	=====	

9,00	=====
9,00	=====

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

- Reflects an adjustment to depreciation expense based on the purchase accounting fair market valuation of Nordural's property, plant and equipment using an estimated average useful life of 35 years.
- Reflects an adjustment to eliminate Nordural's historical amortization expense related to deferred financing and carbon anode contract costs.
- Reflects an adjustment to reduce interest expense for the repayment of a portion of the outstanding principal under the promissory note payable to Glencore.
- Reflects an adjustment to record income tax expense for the effects of the pro forma adjustments using an effective tax rate of 35%.
- 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%.
- Records the additional shares outstanding from our issuance and sale of common stock at an offering price of \$24.50 per share.

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2004

	CENTURY	U.S. GAAP NORDURAL	PRO FORMA ADJUSTMENTS	PRO FORMA CONSOLIDATED
	-----	-----	-----	-----
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)			
NET SALES:				
Third-party customers.....	\$ 192,346	\$ 29,387	\$ --	\$ 221,733
Related parties.....	39,748	--	--	39,748
	-----	-----	-----	-----
	232,094	29,387	--	261,481
Cost of goods sold.....	195,045	21,406	(1,272) (1)	214,851
	--	--	(328) (2)	--
	-----	-----	-----	-----
Gross profit.....	37,049	7,981	1,600	41,222
Selling, general and administrative expenses.....	5,408	--	--	5,408
	-----	-----	-----	-----
Operating income.....	31,641	7,981	1,600	46,630
Interest expense - third party.....	(10,374)	(1,327)	--	(11,701)
Interest expense - related party...	(329)	--	300 (3)	(29)
Interest income.....	96	--	--	96
Net gain (loss) on forward contracts.....	(12,820)	--	--	(12,820)
Investment income.....	--	108	--	108
Other income (expense) - net.....	(614)	--	--	(614)
	-----	-----	-----	-----
Income (loss) before income taxes and minority interest.....	7,600	6,762	1,900	16,262
Income tax benefit (expense).....	(2,800)	(1,217)	(665) (4)	(5,832)
	--	--	(1,150) (5)	--
	-----	-----	-----	-----
Net income (loss).....	4,800	5,545	85	10,430
Preferred dividends.....	(500)	--	--	(500)
	-----	-----	-----	-----
Net income (loss) applicable to common shareholders.....	\$ 4,300	\$ 5,545	\$ 85	\$ 9,930
	=====	=====	=====	=====
EARNINGS (LOSS) PER COMMON SHARE:				
Basic				
Net income (loss).....	\$ 0.20			\$ 0.33
	=====			=====
Diluted:				
Net income (loss).....	\$ 0.20			\$ 0.33
	=====			=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (IN THOUSANDS):				

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Basic.....	21,195	9,000 (6)	30,195
	=====	=====	=====
Diluted.....	21,384	9,000 (6)	30,384
	=====	=====	=====

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 THREE MONTHS ENDED MARCH 31, 2004

1. Reflects an adjustment to depreciation expense based on the 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. Reflects an adjustment to record income tax expense for the effects of the pro forma adjustments using an effective tax rate of 35%.
5. 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%.
6. Records the additional shares outstanding from our issuance and sale of common stock at an offering price of \$24.50 per share.

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SIGNATURES

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

CENTURY ALUMINUM COMPANY

Date: July 9, 2004

By: /s/ Peter C. McGuire

Name: Peter C. McGuire
Title: Vice President and
Associate General Counsel

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EXHIBIT INDEX

Exhibit Number	Description
-----	-----
2.1	Amended and Restated Stock Purchase Agreement, dated as

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of March 28, 2004, by and among Century, CVC and
Nordural *

*Incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed on March 29, 2004. Schedules and exhibits have been omitted and will be furnished to the Securities and Exchange Commission upon request.

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